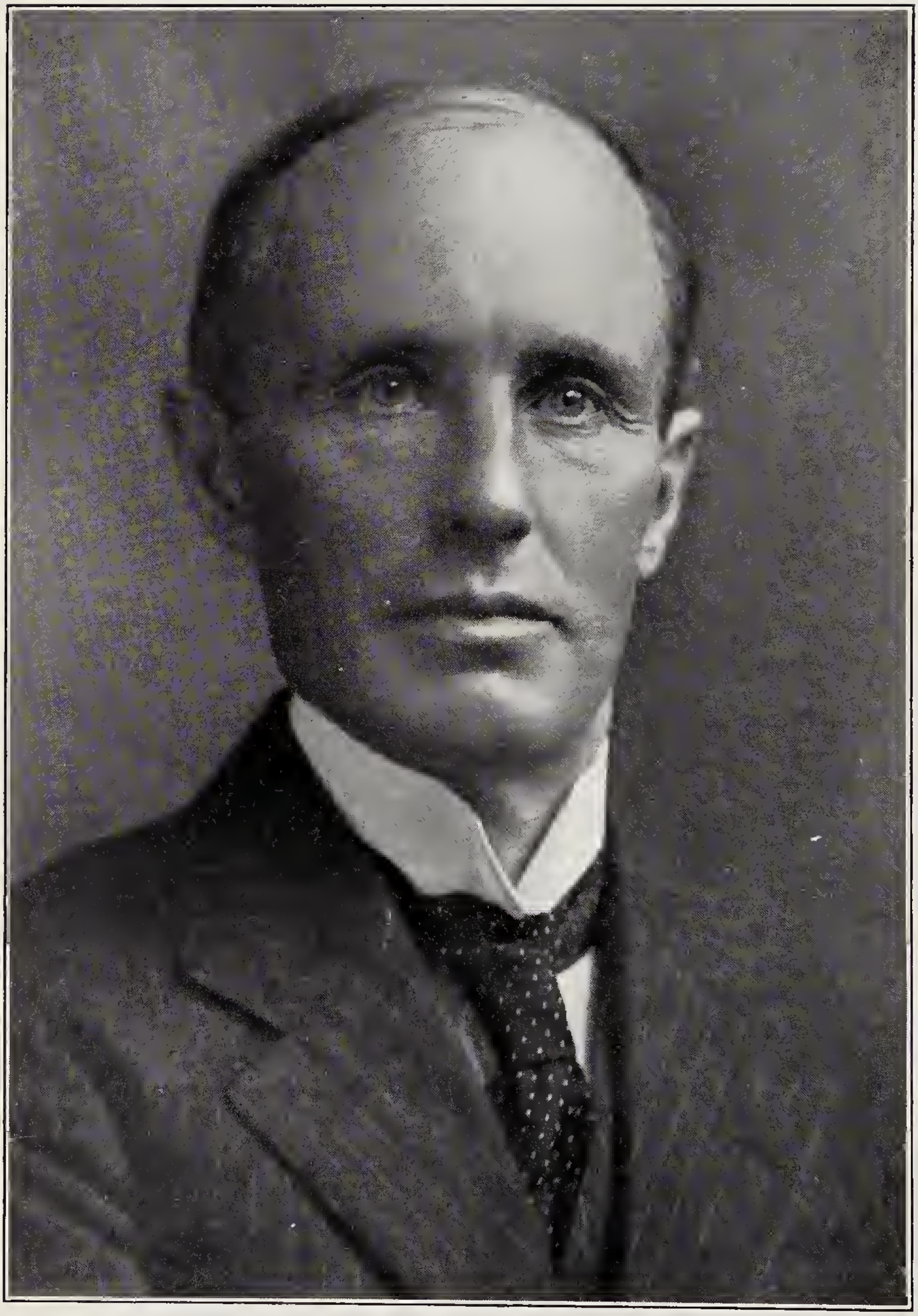

THE RT. HON. ARTHUR MEIGHEN, K. C., L. L. D., M. P.
Appointed Prime Minister of Canada in 1920

THE CANADIAN ANNUAL REVIEW OF PUBLIC AFFAIRS

BY

J. CASTELL HOPKINS, F.S.S., F.R.G.S.

1920

TWENTIETH YEAR OF ISSUE

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PREFATORY NOTE.

Owing to delay in publication caused by the Printers' Strike, and the consequent desirability of issuing this volume as quickly as possible, a few subjects which the Author intended to deal with have been omitted—notably the Imperial Press Conference, the West Indies' trade arrangement, and the usual review of Newfoundland conditions. A brief study of these 1920 events will be included in the next volume so as to preserve the continuity of reference.

The very considerable space given to Financial and Industrial conditions, to the Farmers' movement and Transportation will, the Author hopes, be appreciated. He desires, also, to express his thanks to Messrs. H. R. Charlesworth and J. E. Middleton, of Toronto, for assistance rendered in the preparation of a portion of this volume.

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Recollections of a Police Magistrate	Lieut.-Col. George T. Denison	Toronto:	Musson.
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The Life and Times of Sir Alexander Galt	W. S. Wallace	Toronto:	....
The Cross Bearers of the Saugenay	Very Rev. W. R. Harris, D.D , LL.D.	Toronto:	J. M. Dent.
Battery Action	Hugh R. Kay; George Magee; F. A. MacLennan.	Toronto:	Warwick Bros.
The Parish Register of Kingston, 1785-1811	(Edited) Prof. A. H. Young.	Kingston:	The Whig.
Before the Bar	J. A. Stevenson	Toronto:	J. M. Dent.
Labour in the Changing World	R. M. MacIver	Toronto:	J. M. Dent.
A Labrador Doctor	Wilfrid T. Grenfell, C.M.G.	Toronto:	Thos. Allan.
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Story of the Canadian People	D. M. Duncan	Toronto:	Macmillan.

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New Poems	Charles G. D. Roberts	Toronto:	Goodchild.
Acanthus and Wild Grape	F. O. Call	Toronto:	McClelland.
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Joan of Arc	Rev. A. O'Malley	Barrie:	Private.
Songs of the Trail	Henry Herbert Knibbs	Toronto:	Thomas Allen.

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The Luck of the Mounted	Sergt. Ralph S. Kendal	Toronto:	S. B. Gundy.
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Power in Alberta	James White, F.R.G.S.	Ottawa:	King's Printer.
The Position of Europe	J. H. Gundy	Providence:	B. E. Club.
Oil and Gas in Western Canada	D. B. Dowling and Others	Ottawa:	Interior Dept.

John Galt	R. K. Gordon	Toronto:	University.
Great Canadian Orators	A. R. Hassard	Toronto:	Can. Magazine.
The First Protestant Missionary in Canada	Mrs. W. T. Hallam	Toronto:	The Churchman.

RELIGIOUS, SOCIAL AND GENERAL

The Unsolved Riddle of Social Justice	Stephen Leacock	Toronto:	S. B. Gundy.
Idealism in Character	Sir Robert Falconer	Toronto:	Doran.
A People's Life of Christ	Rev. Dr. J. Paterson-Smyth	Toronto:	Musson.
Shakespeare for Community Players	Roy Mitchell	Toronto:	J. M. Dent.
Dawn of the Awakened Mind	John S. Kind, M.D.	Toronto:	McClelland.
John West and His Red River Mission	Canon William Bertal Heeney	Toronto:	Musson.
The Affable Stranger	Peter McArthur	Toronto:	Thos. Allen
Roof Framing and Polygon Miters	G. D. Mills	St. John:	J. & A. McMillan.
Birth Through Death	Albert D. Watson, M.D	Toronto:	McClelland.
The Religion and Theology of Paul	W. Morgan, D.D.	Toronto:	Ryerson Press.
The Resurrection of Christ	Rev. John M. Shaw, M.A.	Toronto:	U.C. Tract Society.
The New Christianity	Rev. Dr. Salem G. Bland	Toronto:	McClelland.
Phosphate in Canada	Hugh S. Spense, M.E	Ottawa:	Printing Bureau.
Graphite	Hugh S. Spense, M.E	Ottawa:	Printing Bureau.
Sources of Helium in the British Empire	(Report) Prof. J. C. McLennan, Ph.D., F.R.S	Ottawa:	Printing Bureau.
Successful Methods of Public Speaking	Grenville Kleiser	Toronto:	McClelland.
Forests and Trees	B. J. Hales	Toronto:	Macmillan.
Introduction to Latin Prose	G. W. Mitchell	Toronto:	Macmillan.

The Hon. Louis Alexandre Taschereau, K. C., LL.D., M. L. A.
Appointed Prime Minister of Quebec in 1920

THE
CANADIAN ANNUAL REVIEW
OF
PUBLIC AFFAIRS

FINANCIAL CONDITIONS OF 1920.

The World Situation; Financial Changes and Deflation.

The year began with an infinite perplexity of hope and fear throughout the world. To the thoughtless or ignorant participant in this period of vast unrest and uncertainty, there was a surface appearance of prosperity in such countries as Great Britain, the United States, France, Japan, and Canada; an obvious appearance of poverty, misery and economic difficulty in Central Europe and Russia. To those who understood the bases of international finance and economics, it was clear that another change was pending though how soon it would come could not yet be clearly discerned; in English-speaking countries the Banks would have much to say in hastening a period of deflation and compelling the lowering of prices upon which the existing situation so largely turned. It was equally clear that production had to be increased in order to promote any really beneficial change in the situation or amendment of the hampering exchange conditions.

The Supreme Council of the Peace Conference approved and issued on Mch. 8, 1920, a Memorandum of analysis and advice which reviewed world conditions along sane and statesmanlike lines. The rise in prices and the excessive creation of credit instruments as a result of war; the loss of wealth and prolonged restriction in production; the continued existence of Russian field armies estimated at 1,500,000 men and of 1,000,000 soldiers in the new States carved out of the Austrian and Russian empires; the disorganization of European transport and industry and agriculture and output of coal; the continued extravagance of individuals and nations and the collapse of international exchanges, were dealt with and the absolute need of co-operation and economy urged upon peoples everywhere and individuals in all nations. The follow ing summary of conclusions may be given here:

1. That peace should be fully and completely restored throughout the world—with normal economic relations re-established in Eastern Europe, armies

everywhere reduced to a peace footing and "armaments limited to the lowest possible figure compatible with national security."

2. That the States created or enlarged as the result of the War should at once re-establish full and friendly co-operation with unrestricted interchange of commodities.

3. That Governments and those engaged in the task of production in every land should give immediate attention to the execution of all measures which would contribute to the full resumption of peaceful industry, to the encouragement of better output on the part of the workers in every country, to the improvement of machinery and means of transportation, and the removal of such disturbing factors as profiteering.

4. That each Government should at once consider means for urging upon its nationals in every rank of life the vital necessaity of suppressing extravagance and reducing expenditure, so as to bridge the gap which must for some years exist between the demand for, and the supply of, essential commodities.

5. That early steps be taken to secure the deflation of credit and currency (a) by the reduction of recurrent Government expenditure within the limits of revenue; (b) by the imposition of such additional taxation as is necessary to secure this result; (c) by the funding of short-term obligations by means of loans subscribed out of the savings of the people, and (d) by immediate limitation and gradual curtailment of note circulation.

6. That for the provision of raw materials needed in the restoration of industry means should be found by which the countries which in current conditions of international exchange are unable to purchase in the world markets, and so are unable to re-organize their economic life, could obtain commercial credits.

A few months later the British Department of Overseas Trade issued a careful study of the situation with the following summary of the essential factors in the completion of European reconstruction: (1) Peace, a settled political outlook, and the abolition of unnecessary economic frontiers; (2) the rehabiliation of national credit and currency; (3) the setting free of the forces of economic enterprise and the resumption of private commercial credit; (4) the re-establishment and development of transport facilities; (5) the enhanced output of basic supplies, especially fuel and fuel products, raw and semi-manufactured materials. The chief element in the partial recovery of Europe and the world during 1919 and 1920 was the example and remarkable development of Great Britain. In a study of English public finance during the War and near-the-war period, the Bankers' Trust Company of New York, in a valuable publication, pointed out that during the fiscal years, March 31, 1914, to March 31, 1920, the British Government's expenditure reached £11,269,000,000 (about $56,000,000,000) or £324,000,000 (about $1,500,000,000) more than the expenditure of the previous 225 years; that the borrowings of Great Britain on Dec. 31, 1919, amounted, at par value of securities issued, to £7,368,000,000 of which £6,011,000,000 were furnished by her own people, £1,027,000,000 borrowed in and from the United States and £330,000,000 borrowed from other foreign nations and British Dominions. On the other hand, Great Britain had loaned to her Allies £1,666,000,000, so that the amount loaned abroad exceeded by £495,000,000 the amount borrowed abroad. Thus the 46,000,000 people of the British Isles had raised, entirely from their own resources, including taxes, a net amount of £9,911,000,000 (roundly $49,000,000,000) or over £215 (about $1,075) for each person in the population. The net indebtedness of about £7,000,000,000 with a National wealth estimated at £24,000,000,000 involved a ratio of Debt to National wealth of 30 per cent. or about the same ratio as existed at the close of the Napoleonic Wars.

British business and trade and financial conditions all improved during the two years following the War. Capital issues, according to a statement of the London Joint City and Midland Bank, increased from £65,330,000 in the calendar year 1918, to £237,540,000 in 1919 and to £398,623,000 in the fiscal year ending June 30th, 1920. The Banks, meanwhile, had organized a series of amalgamations and arrangements which included the Palatine, Bank of Liverpool and Martins and the Halifax Commerical Bank in one arrangement; the Union of Manchester and the British Linen Bank with Barclays; the Clydesdale with London Joint City and Midland, and Coutts & Co. with the National Provincial and Union Bank. Enormous interests were involved in these changes, as in the arrangements of 1918 and, no doubt, the whole financial structure was strengthened. Gradually the leadership in ship-building was acquired once more and the record for construction won from the United States which, in the four months ending Mch. 31, 1919, had a total of 4,185,000 gross tons to the British total of 2,254,000 gross tons and in the same period, a year later, had a record of 2,573,000 gross tons to the British figures of 3,394,000 gross tons. Meanwhile, trade had leaped upwards and, despite the closing down of great war industries and transfer of production and capital to other interests, the Exports in the calendar year 1919 were £963,384,677 and in 1920 £1,557,974,984; the Imports rose, also, from £1,626,156,212 in 1919 to £1,936,742,120 in 1920—a gain of nearly $3,000,000,000 in exports against an increased import of about $1,500,000,000. In the fiscal year of 1920 the National Debt was reduced by the enormous sum of $1,000,000,000 and the floating Debt by $300,000,000 while $250,000,000 of the Debt to the United States had been repaid; the wise, if heavy and burdensome, taxation had made this possible when coupled with increased exports, decreased imports, improved shipping conditions and the invisible interest and other financial returns from debtor nations. Late in June, 1920, Otto H. Kahn, the well-known New York banker, said of this situation:

> The spirit of wise, yet daring enterprise which is tradional of England, the experience and insight and financial skill gained in the course of centuries, her wonderfully perfected machinery for international trade, her old-time *prestige* based upon the justly earned reputation for fair and honest trading, her resolute and clear recognition and pursuance of the facts, her Governmental methods of fostering trade and co-operating with commerical interests—all these and other elements have been effective toward her recovery of her old-time position. She is prosperous and she is going ahead apace. . . . I have said in London and I repeat it here, that the talk about our displacing England as the world's financial centre is idle. Her position is the result of geographical, economic and psychological factors, or racial qualities, and of the experience and practice of centuries.

Meantime, the greatest and easiest evolution of prosperity had been seen in the United States; had that country been willing to expand its views of international responsibilities and share with Great Britain in the burdens of reconstruction, the recovery of Europe and the world would have been much more rapid. To it in 1915-19 had come at least $1,300,000,000 of British and European gold; sales of $4,000,000,000 of American securities were made by foreign owners; in Shipping, Insurance, Commissions, etc., $2,000,000,000 more had been realized; its war credits and loans to Europe had totalled $10,000,000,000*. In February Sir Edward MacKay Edgar,Bart., an eminent Canadian financer in London, expressed his belief in an article contributed to *Sperling's Journal* that, despite this immense development of American wealth, the United States would not retain its dominance nor would New York supercede London as the world's financial centre and clearing-house. Practically, he shared this opinions with Mr. Kahn, Pierpont Morgan and some other American financial magnates of the day; the refusal of the Republic to take the international position which its money, trade and power warranted being the chief reason advanced by Sir Edward. As to London, he pointed out: "That predominance has never been the creation merely of money. Geography, habit, a liberal fiscal policy, a free and elastic currency and banking system, the cosmopolitan outlook of the British investor and the felt, imperative, need for expansion overseas, have all contributed to it. *Prestige*, familiarity, the worn channels of over a century of international commerce, our position as the gateway of Europe and the centre of a vast network of communications, and our abundance of men who have been trained for generations in international finance, and whose character and world-wide connections command a universal respect—these are assets with which America can hardly compete."

During 1920 world deflation commenced in earnest and made rapid progress. Its initial development came with sensational rapidity in Japan, during March and April, as an immediate result of a heavy increase in imports and decline in the War-time exports which had made its current prosperity and its tremendous rise in wages and prices so conspicuous. The process continued in the United States through varied agitations against the still increasing prices of commodities, then a gradual shrinkage in the market values of materials and stocks on hand and a downward trend of prices; restriction followed in the placing of new orders, curtailment of industrial production, reduction and passing of dividends, a steady drop in foreign exchange levels, lower agricultural prices, refusal of labour, for the time being, to accept lower wages, and increased taxation. Deflation showed itself during the later part of the year in Great Britain and Canada, through lower prices and, in a few cases, lower wages, in heavy taxation and a restriction of Bank loans or credits, in a general condition of financial stringency.

Back of the absolute need of deflation, sooner or later, and its realization, was the existing unrest in the world of labour and inter-national politics; the ever-growing burden of British responsibility for the peaceful evolution of India, the adjustment of difficulties in war-tossed Ireland, the meeting of Soviet-created sedition or hostile suspicions in Mesopotamia and Persia, Egypt and Afghanistan; the continued efforts of Russia's new autocracy to promote disorder, strife, war animosities of every description, in the partially-disintegrated nationalities of Central Europe and the Balkans; the effect of Sinn Fein antagonism in the United States, Australia, Canada, and elsewhere, upon the British policy of conciliation and peace and its natural corollary of co-operation in a policy of commercial and financial recuperation. As the Financial Committee of the London Chamber of Commerce pointed out in May: "Trade, in its essence, being exchange between individauls or the aggregate of individuals which form a nation, depends ultimately on credit, or belief that payment will be made on either side. Such a condition of certainty, between nations as between individuals, can only be ensured by conditions of peace throughout the world, which will allow exchange to be steadied."

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*Note—Estimate of Monthly Letter—Royal Bank of Canada, April 1920.

It may be added that, at the close of 1920, re-construction was proceeding satisfactorily and steadily in Great Britain with the Labour problem as the chief difficulty and Ireland as the most spectacular one; that in the United States re-adjustment was going on in many great industries with drastic changes in prices, with a lower tendency in wages and an increase in immigration, with a weeding out of unsatisfactory workers and an increase in production, with greatly increased efficiency in Railway operation and relief in the congestion of the past, with a temporary deadlock in buying, a satisfactory evidence of Banking stability and a cessation of political activities—after the Presidential election excitement. The tide of world-unrest which reached so tragic a climax in Russia was settling visibly in many countries while the general cost of living had gone down about 25 per cent. and in Great Britain, the United States and Canada, the Government bonds bought during the War were still held by individuals and remained a substantial element in financial and national stability.

Italy, after going through episodes of disastrous character at the hands of Bolshevistic Socialism, had partly recovered its sanity and was making progress toward normal conditions; France had made marvellous strides in re-construction, had re-built by the middle of 1920, 2,500 miles of its 3,460 war-destroyed railways, had cleared of shells nearly the whole of its 7,200,000 acres of war-racked arable soil and plowed up one-third of the area, had re-constructed or partially re-built 7,300 out of the 11,500 factories and plants destroyed by war and re-constructed one-sixth of its smashed-up roads and one-half its broken canals. Much had been done in Europe though much remained to be done; Great Britain had reached a high level of international aid and effort; the United States, under its new political conditions, promised some kind of co-operation; deflation in prices, costs, wages and expenditures was well under way throughout the British Empire, in the United States, France, Italy and Japan.

Exchange Difficulties; International Trade and the Purchase of Securities.

The question of exchange during the year was a serious one; its application restricted trade, troubled the indivudial in many countries, hampered travel, checked the flow of capital from one country to another, evoked all kinds of crude schemes as correctives. Mainly, it was a result of the War, but its effect was greatly enhanced in the case of Canada by after-war extravagance and wholesale importations from the United States. Formerly, Canadian exports to Great Britain had largely exceeded imports from that country and part of the balance had been used to help in paying the United States for the surplus of imports from that country over and above the exports to it. In the 10 years prior to the War (1904-13) there was a total export to the United Kingdom of $1,275,004,443 with imports therefrom of $881,686,136 and a balance favourable to Canada of $394,000,000; during the same period Canadian exports to the United States totalled $909,319,605 and the imports from that country $2,246,088,529 or a balance against Canada of $1,337,000,000. During the War and reconstruction period (1914-20) Canadian exports to the United Kingdom totalled $3,471,305,311 and imports from that country $687,358,101 or a favourable balance of $2,784,000,000 while exports to the United States were $2,154,551,330 and imports therefrom $4,067,843,007 with what is usually termed an unfavourable balance of $1,913,000,000. Adding together the surpluses of exports to Great Britain over the whole 17 years we have 3,178 millions while the total trade deficit with the United States stood at 3,250 millions.

The two nearly balanced and, with the $300,000,000 still due to Canada by Great Britain in payment of war-trade obligations, it was clear that the exchange situation in 1920 was influenced by more than trade conditions. As a matter of fact, Great Britain was not paying in gold for its surplus of imports from Canada and the Dominion was, therefore, unable to pay in gold for its surplus of imports from the United States. Primarily, exchange rates are based upon trade in commodities but as Great Britain long ago proved, there are other factors; in her case they were, before the War, returns from investments abroad, profits from shipping, Insurance earnings and Commissions, with other intangible profits which far more than balanced the difference between Imports and Exports of commodities; in the case of Canada, recent years had seen the double process of over-importation of commodities from the United States and the importation of money through loans floated in that country—amounting on July 1, 1920 to $521,748,313 of loans to Canadian Governments, municipalities and corporate interests. The issue was further complicated by the investment of American money in Canadian industries to an estimated total of $700,000,000 in the previous 10 years. How much of this was in cash and how much in credits to Canadian branch establishments was, another question. In a study of Canadian economics by Harvey E. Fisk, published by the Bankers' Trust Company of

New York, there was, during 1920, an interesting analysis of invisible trade balances between Canada and Great Britain. It was estimated that in the six years, 1914-19, Canada had paid to Great Britain $750,000,000 on account of Interest and Profits; $240,000,000 for Shipping charges and Insurance; $60,000,000 for goods sold on credit to Roumania and Belgium; $338,000,000 on net advances to Great Britain by the Dominion Government and the Chartered Banks; $200,000,000 for Securities re-purchased; or a total of $1,588,000,000 less $298,000,000 of Canadian Securities sold in Great Britain. Mr. Fisk took this "invisible" result and the actual or visible Canadian trade with these countries in 1914-19 and made up the following table:

Trade	With United Kingdom	With United States	With Other Countries	With All Countries
Visible	Cr. $2,794,000,000	Dr. $1,560,000,000	Cr. 579,000,000	Cr. $1,813,000,000
Invisible	Dr. 1,290,000,000	Cr. 480,000,000	....	Dr. 810,000,000
Total	Cr. 1,504,000,000	Dr. 1,080,000,000	Cr. 579,000,000	Cr. 1,003,000,000

To this general credit balance in favour of Canada about $235,000,000 of a net export of gold to the United States during this period, should be added—making a total credit of 1,038 millions or an average of 173 millions during the 6 years ending with 1919. The removal of International control over exchange on Mch. 21, 1919, and the ensuing break in rates for London-New York, resulted in a similar break for Canadian exchange at New York. This situation, caused primarily by British-American interests, was intensified during 1920 by the increasing visible United States trade balance against Canada—an average of 247 millions a year in 1914-19 and 300 millions in 1920. One of the effects of the drop in Sterling exchange during 1919-20, and the discount on Canadian money in the States, was a practical increase in the price of goods bought by Canada from the United States equivalent to the current premium on exchange; at the same time the export of goods to the United Kingson was affected by an increase in their value to the amount of the depreciation in British exchange. Incidentally, the condition had the same effect as an increase or decrease of the tariff against the particular country concerned. At the close of the year the rate of exchange on New York rose high and reached its record figure on Dec. 21 when it stood at 19 1-4 per cent.

Details of the way in which the exchange conditions affected Canada were given by Sir John Aird of the Canadian Bank of Commerce in an address just after the close of the year* and included the fact that up to the extent of the United States premium the Canadian producer could accept a lower price abroad when expressed in terms of a foreign currency and would still receive as many dollars as his American competitor could get; the situation was caused, not only by excessive buying from the United States and the reasons given above, but was affected by calls for margins in respect to speculation on the Stock Exchanges; the condition in various forms also affected India, New Zealand, Australia and South Africa in connection with their British and American trade. As to the rate of exchange, expert opinions differed greatly in estimating the causes and consequences—apart from the fundamental one of a world-war.

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*Note—See Financial Supplement to this volume

Lord D'Abernon attributed the adverse condition in the British rate during this year almost entirely to the inflation of currency; Sir John Ferguson, Chairman of Lloyd's Bank, declared on Apr. 24, that there were many other factors, strongly deprecated any Government attempt to raise the rate artificially and suggested, as between Great Britain and the United States, that the latter country might buy Britain's oil interests in Mesopotamia, or make a point of employing British shipping, or of buying British securities, or it might open factories in England—any one of these things would ease the situation; J. E. Dunning, President of the British and Foreign Merchantile Corporation, New York, declared (Apr. 24) that if sterling exchange continued low for another decade it would be the greatest blessing that could happen England as shutting off, permanently, a large import of American goods and products. Similarly, it may be that exchange and embargoes and higher tariffs raised by the United States against Canada would prove a blessing in disguise by restricting Canadian imports and automatically compelling greater home production. In a Toronto address on Mch. 18, D. A. Cameron, the local Manager of the Canadian Bank of Commerce, gave the following Toronto and New York quotations as to the International exchange of that date:

Country	Gold Parity	Rate in Toronto	New York Rate	Discount in Toronto	Discount in New York
Belgium	$19.30	8·69	7·72	55%	60%
Denmark	26.80	19·82	17·60	25%	30%
France	19.30	8·40	7·46	56%	61%
Greece	19.30	12·55	11·15	35%	42%
Holland	40.20	41·38	36·75		8½%
Italy	19.30	6·21	5·51	67%	71%
Norway	26.80	20·38	18·10	24%	32½%
Sweden	26.80	23·07	20·40	14%	24%
Switzerland	19.30	19·48	17·30		10%
Spain	19.30	20·00	17·75		8%
Germany	23.80	1·74	1·40	92½%	94%
British	4.86	4·20	3·74	13½%	23%
Canada	1.00		.89		11%

However theories may have worked in practice, Canada was hit in both directions as lying between Britain and the United States—higher prices to pay for American goods and inevitable restriction in exports to Britain. A Royal Bank estimate (*Monthly Letter* of April, 1920) was that Canada's imports from across the border cost 10 to 15 per cent. more and her exports cost European buyers from 20 to 50 per cent more than they would were exchange rates at par. Canada was, at this time, tied to Great Britain financially in a way not dissimilar to the relations of Great Britain and the Republic. To quote the above authority again: "Like her, she is a debtor of the United States. Her total trade is well on the favourable side but the favourable balance has been mainly with England and has been sold largely on credit.

To the extent of such credit Canada's resources are not realizable in New York. Any improvement which takes place in sterling in New York will bring with it a rise in the exchange value of Canadian funds. Sterling and Canadian dollars are more especially connected from the fact that England holds Canadian securities to an amount of about one and a half billions of dollars. The more the pound depreciates in Canada the more inducement there is to English holders to sell these securities. Their presence on the other side tends to prevent sterling rates from falling as low in Canada as in New York."

During 1920 sterling fluctuated a good deal but in February it had reached 18 points of depreciation and in December it was at 19; relief would come when deflation and re-adjustment of prices, credits, and currency, had reached a basis of stability and not till then. British bankers, European financiers, leading statesman, Canadian authorities such as Sir Edmund Walker, or men with a mission to Europe such as J. H. Gundy, were unanimous in prescribing hard work, economy, restriction of imports, increased production and additional taxation as curatives for the Exchange condition. Sir Henry Drayton in Canada made one Governmental effort to meet a specific phase of the situation in which one of the marked incidents of the year—in financial interchanges between Britain and Canada—was the sale to the Dominion of a large volume of its own securities by British holders. This was partly to meet the tremendous burdens of taxation in England but, chiefly, because of the demand in Canada for a profitable purchase of such securities under current exchange rates.

The Canadian public, in the earlier months of 1920, still had large reserves—though rapidly melting ones—as a result of savings during the War, of huge Government expenditures of public money in the immediate past, and of such current disbursements as the gratuity to the soldiers, the payments for ship-building and under the Soldiers' Land Settlement Act. At this particular time, also, sterling in New York was placed at a further disadvantage by Canadian exchange being quoted higher than British exchange and this accelerated the offering of British-held securities of Canadian origin in the Canadian market at prices which were lower than corresponding Canadian Government securities such as Victory Loans, could be sold for in Canada in Canadian currency. Late in February, it was announced that the Government desired to check the purchase of Canadian securities held in England, and, on Feb. 29, the Finance Minister told the Montreal *Gazette* that "these securities, owing to the fall in value of the pound sterling, were now being dumped on the Canadian market and that they represented to a certain extent, the working capital of the Dominion."

After extended conferences with bond-dealers, stock-brokers and bankers, Sir Henry Drayton stated that it was intended to discourage this process and that effective steps would be taken by a sort of embargo to stop it. The Minister added a further explanation: "The purchase of these long-date obligations, in addition to taking essential capital out of the country, as settlements are made on New York, still further depreciates the value of the Canadian dollar there and renders still more difficult trade with the United States and the discharge of our obligations in that market." The chief detailed reasons advanced for action were four in number: (1) That it would check the flow of money out of Canada; (2) that it would prevent the country's liquid banking resources from being further strained; (3) that it would help the domestic market for Victory Loan bonds, and home securities; (4) that it would lower the exchange premium on U. S. funds in Canada. The Minister of Finance did not positively forbid transactions in these securities under penalties; he simply notified all bond dealers and others concerned that the Government desired the business to cease for a time and, as a rule, the wish was respected.

There was some servere criticism of this action in financial circles. The Royal Securities Corporation of Montreal issued a statement (*Financial Times*, Mch. 13) describing the action as an Embargo but as more or less futile, as tying Canada up with the American dollar against the British pound sterling, as deliberately injuring British credit in the United States: "The one vitally important thing that the Embargo could do and did do, was to impair very seriously the confidence of outsiders, not only British but American and others, in Canadian credit and the reliability of Canadian securities. The feeling of the British investor, and an entirely logical feeling, was that Canada had no right to keep the pound sterling at a discount and at the same time refuse to accept the consequences of that discount—that Canadians had no right to demand that British purchasers pay a pound sterling for four dollars' worth of wheat, and to refuse to pay four dollars for a pound sterling of British-owned Canadian securities."

The policy was carried out, however, and extended for a further period in the Autumn. Sir Henry Drayton addressed the Bond-dealers of Toronto on Oct. 26, and of Montreal on the 28th, as to a continuance of the arrangement and the discouragement of investments abroad at this juncture: (1) Because of the need of money to finance the current crop movement and (2) because of a holding up for the time in the ordinary purchases of grain for British delivery. The financial interests in these centres supported the Minister as a whole, but there were vigorous exceptions—notably I. W. Killam, President of the Royal Securities Corporation (Nov. 1), who again denounced the Government for what he called "its violation of the most elementary laws of economics".

Meantime, the Finance Minister had maintained control over Victory Bond prices with a Stabilization Committee, of which G. H. Wood, Toronto, was a leading member, to advise as to action calculated to maintain and stabilize the price of the Bonds; on Mch. 22 it was decided in a Conference at Montreal, attended by Sir H. Drayton, to authorize an advance in the price of bonds of various maturities; at other dates, as conditions changed, lower prices were admitted. The Minister stated, on Nov. 27, when announcing that this Government control had ceased and that trading on the Stock Exchanges in these bonds could re-open, that: "The price of the bonds has not been subject to violent fluctuations and stabilization of price has been effective. The Committee has sold bonds which have come upon the market and placed them in the hands of permanent investors to the extent of $270,000,000. The stabilization has served a very useful purpose, but it is felt, in view of the fact that the methods of control so general during the war period have been abandoned in so many countries, and generally in Canada, that the control of the sale of Government securities should also cease."

Exchange had, meanwhile, continued its relentless pressure upon all kinds of financial interests in Canada and upon the nation which bore the financial brunt of the War. As Sir George Paish pointed out in Toronto on Feb. 1st: "The productive power of Europe has dropped 40 per cent., but just at the time when we most need to buy from America, our power to do this has diminished. When Russia supplied us with grain we supplied her with fabrics and machinery. You, in America, (and Canada) have everything and you do not require to buy back from us; but we need to buy from you and have no means of immediate payment. As we are not able to pay you in gold or in goods, we must pay you in securities. But you are not very willing to buy or there would not be such break in the exchange. Last year the United States sold us $600,000,000 worth of produce, and only bought back $250,000,000 worth, and we only managed to supply this amount with great difficulty." As if to confirm this utterance, there was a tremendous break in sterling at New York on Feb. 3 when it reached 3.32 1-2 and, on the 4th, 3.19 as against 3.60 1-4, the maximum quotation of the preceding week and 3.79 early in January—which was the highest for the year to date. People forgot at this time the low level of the American dollar for years after the Civil War and the fact that during the struggle it fell to a discount, at one time of 60 cents, while the British pound went to a premium; they overlooked the even more obvious fact that Britain's problem was greatly enhanced by the continued effort it was making to get continental Europe on its feet. On the other hand, as the year progressed, the condition of United States export trade and shipping reflected the high values of exchange and the difficulty of purchasing goods when exchange rates were so abnormal; Canadian extravagance stood the strain but other countries could not do so except for absolute necessities. So far as Canada was concerned, an illuminative statement was made to *The Globe* on Mch. 20 by D. A. Cameron, Toronto Manager of the Canadian Bank of Commerce:

> While this country last year exported more than $300,000,000 in excess of imports, there was an offset against this which more than wiped it out. This was comprised of interest charges on Canadian securities held in Europe, amounting to $125,000,000 and similar charges on securities held in the United States, of $65,000,000 or $190,000,000 in all, to which should be added payment for shipping charges and insurance premiums last year totalling $60,000,000, with a another $60,000,000 for credits supplied to European countries buying Canadian goods, or $310,000,000 in all. That put the balance on the wrong side of the Canadian ledger by $10,000,000.

Mr. Cameron added to this a further sum paid for securities, bought back by Canada from Europe, which he estimated at $25,000,000 to $50,000,000: "Therefore our real position for 1919 in foreign trade was an adverse balance of between $30,000,000 and $50,000,000, and this accounts for the present discount of the Canadian dollar in the United States." It may be added, in reference to these trade credits that France, Belgium, Greece, Roumania and Italy, with Great Britain in a special matter, were, in 1919, granted credits aggregating $157,000,000 and of this amount by September, 1920, $65,000,000 had been utilized for the purpose of purchasing Canadian goods. Of this total Roumania actually borrowed $20,000,000, Greece, $7,120,000, Italy, $6,000,000, France, $5,500,000, Belgium $1,772,000, and Great Britain—a special advance for the purchase of timber—$23,500,000. Outside of this timber, the credits were utilized for foodstuffs and manufactures. Greece and Roumania took a large quantity of textiles, and the reputation of Canadian industry was well established in South-eastern Europe. There were negotiations for renewal or continuance during the year 1920 but nothing definite was arranged and in the Autumn, owing largely to the Exchange situation, the credits were finally closed.

Another incident of the year which was more or less associated with exchange conditions, was the International Financial Conference at Brussels. It was initiated by a Memorial addressed in January, 1920, to various Governments and signed by representative bankers and publicists in various countries—the Americans including J. Pierpont Morgan, Elihu Root and H. C. Hoover, and the British Mr. Asquith, Hon R. H. Brand, Sir R. Kindersley, Lord R. Cecil and Lord Bryce. The serious financial condition of Europe and the Exchange situation were chiefly dealt with in the Memorial; the British Government, in response to a Delegation suggested a Conference called by the Council of the League of Nation and promised its support; this was arranged, but it was not until September following that the Conference met at Brussels with only an unofficial representative from the United States but with 39 other countries officially represented by 86 delegates who, however, were present as experts and not as spokesmen of public policy.

Great Britain was represented by Hon. R. H. Brand, a Vice-President, by Henry Bell and Lord Chalmers, G.C.B., and by Lord Cullen, K.B.E., a Governor of the Bank of England; Canada by G. C. Cassels of the Bank of Montreal, London, J. H. Gundy, President of the Canadian Bond Dealers' Association, and Hon. Hugh Guthrie, K.C., M.P., a member of the Government; New Zealand by Sir James Allen, K.C.B., Minister of Finance, and Col. G. F. C. Campbell; South Africa by M. R. A. Blankenberg and Henry Strakosch; Australia by J. R. Collins, C.M.G., and India by Sir Fazilbhoy Currimbhoy, H. F. Howard, and Sir Marshall Reid. The Conference divided the work involved into four parts and entrusted special Commissions of its members with the task of making a detailed study and preparing specific recommendations with regard to (a) world finance; (b) currency and exchange; (c) International trade and commerce, and (d) International action with special reference to credits.

The Resolutions accepted from these various Committees were unanimously adopted and were elaborate in character. Continuous Budget deficits were denounced as leading to ruin and the statements of 39 nations submitted showed that 11 out of 12 European countries expected a deficit in the current year—Great Britain was the exception. These deficits were described as involving further inflation of credit and currency and a further rise in prices and the cost of living. All artificial action in lowering prices or reducing rates for public utility services below the line of profit were described as dangerous and useless. It was declared that:

1. It is of the utmost importance that the growth of inflation should be stopped, and this, although no doubt very difficult to do, could quickly be accomplished by (1) abstaining from increasing the currency and (2) by increasing the real wealth upon which such currency is based.
2. Governments must limit their expenditure to their revenue.
3. Banks, and especially Banks of Issue, should be freed from political pressure and should be conducted solely on the lines of prudent finance.
4. The creation of additional credit should cease and Governments and municipalities should not only decrease their floating debts, but should begin to repay or fund them by degrees.
5. Until credit can be controlled merely by the normal influence of the rate of interest, it should only be granted for real economic needs.
6. Commerce should as soon as possible be freed from control, and impediments to international trade removed.
7. All superfluous expenditure should be avoided.
8. It is highly desirable that the countries which have lapsed from an effective gold standard should return thereto.
9. Deflation, if and when undertaken, must be carried out gradually and with great caution.
10. Attempts to limit fluctuations in Exchange by imposing artificial control on exchange operations are futile and mischievous.
11. There should be established an International Financial Commission under the auspices of the League of Nations.

Only by these drastic measures could normal conditions be gradually developed, exchange righted and the situation caused by the increase of debt amongst the belligerent European Powers, from $17,000,000,000 in 1914 to $153,000,000,000 in 1920 be alleviated. J. H. Gundy of Toronto took an active part in the proceedings and on his return issued a valuable pamphlet reviewing the proceedings and conclusions of the Conference. Another development of the year was the proposal of John F. Darling, C.B.E. an English economist, to facilitate settlement of the exchange and inter-national finance situation by a co-operative arrangement within the British Empire for a uniform system of currency, short bills of exchange against goods in transit, and the establishment of an Empire Bank whose function it would be to act as banker for Governments and Banks and as an Empire clearing-house—with a central office in London and branches throughout the Empire. Speaking in Toronto at the Chambers of Commerce Congress (Sept. 21), Mr. Darling said: "If we can so arrange the Empire's exchanges that it becomes in effect a united economic whole, endeavouring as far as possible to supply its own wants and, on balance, producing a surplus to repay the Debt to America, the advantages to all parts of the Empire will be very considerable and the necessary adjustments as between the different parts of the Empire could be settled internally."

He suggested following, in part, the United States system and making Bills of Exchange a currency basis. The powers of the Bank of England might be extended or a new bank organized. The Congress passed a Resolution asking the Imperial Government to call an Imperial Conference on the stabilization of inter-empire exchanges along lines of co-operation. Sir Edmund Walker supported it but pointed out the difficulties of Canada's situation in respect to United States proximity and financial influence. Mr. Darling went into this matter, during his Canadian visit, with various financial leaders and received some encouragement. Meantime, the American-Canadian exchange situation had two opposite developments in detail during the year. In February the Secretary of the Canadian Wholesale Grocers' Association received over 100 messages from its members in favour of discontinuing the purchase of United States manufacturers' goods unless payment was accepted in Canadian money; in October, a number of the largest American houses quoted prices in Canada and said that Canadian funds would be accepted.

The Canadian Situation; Financial Conditions and Adjustments.

In Canada the year 1920 opened with the aftermath of the War's financial profits still holding off the inevitable period of deflation and business depression; by the middle of the year the process of liquidation in securities and commodities, with a gradual change in prices, was under way; by the end of the year the whole sweeping process of readjustment was in operation. Yet the fiscal year of Mch. 31, 1918, had been the banner trade year in Canadian records; there was a considerable reduction in the fiscal year of 1919, but that of 1920 was not much behind 1918—though the continued expansion of Imports, as compared with Exports, became a pronounced factor in the condition of change which developed later. The sale of Canadian bonds began, early in the year, to show great changes; from 94·87 per cent. placed in Canada during 1918 and 76·89 per cent. during 1919, the ratio dropped to 32·82 in 1920; from a total of nearly 5 per cent. placed in the United States in 1918, the ratio rose to 22·54 per cent. and 67·18 per cent. respectively; the total sales of all Canadian bonds decreased from the war-record of $763,968,449 in 1918 and $909,383,728 in 1919 to the peace figures of $318,832,081 in 1920. *

These and other changes were very gradual till near the close of the year; even then, and despite a distinct restriction in Loans and individual and corporate limitation in the means of expansion, the Banking figures of Canada as a whole showed a total surface improvement over the preceding year—in the clearing-house returns, in paid-up capital, in reserve funds, in deposits and loans, in total assets; the relief of the public from the necessity of putting up immense war-loans was a mental and practical balance to the burdens of increased taxation and, for the first part of the year, increasing costs of food and supplies. During the earlier months of 1920, conditions were very prosperous on the surface, but were pointing clearly to the need for a re-adjustment and to a possible danger of financial collapse. Extravagance was still widespread, prices were very high with an upward tendency, there was much speculation, industries were working overtime with wages at war-time levels, returning soldiers still had gratuities to spend and as much money was borrowed in the United States as had been obtained, before the War, from England, saving and production were at a minimum.

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*Note.—J. W. Mitchell, Vice-President, Dominion Securities Corporation, Ltd., of Toronto, Montreal and London.

This apparent prosperity continued well into the middle of the year dispite some signs of change and preliminary set-backs. As a matter of fact, through all the obvious inflation and the coming period of deflation, conditions were fundamentally sounder in Canada, proportionately, than in any country in the world —not even excepting the United States. Its National wealth before the War (1914) was estimated by the Canadian Bankers' Association at $11,116,000,000, by the Dominion Statistician, R. H. Coats, in 1916 at $14,658,160,000, while the estimate for 1920 was $19,002,778,000. As compared with other British countries, Edgar Crammond, the English Statistician, presented the following statistics to the Bankers' Institute, London, in June, 1920, which covered the years 1910 and 1919:

	1910		1919	
British Empire	National Wealth	National Income	National Wealth	National Income
United Kingdom	£ 15,882,000,000	£ 2,016,000,000	£ 24,000,000,000	£ 4,300,000,000
Canada.	2,072,000,000	259,000,000	5,000,000,000	750,000,000
Australia	1,312,000,000	164,000,000	2,900,000,000	450,000,000
South Africa	600,000,000	75,000,000	1,200,000,000	200,000,000
New Zealand.	320,000,000	40,000,000	480,000,000	80,000,000
India.	3,600,000,000	608,000,000	6,000,000,000	1,200,000,000
Egypt			1,300,000,000	220,000,000
Crown Colonies. Possessions, etc.	1,200,000,000	170,000,000	3,200,000,000	450,000,000
Total	24,986,000,000	3,332,000,000	44,080,000,000	7,650,000,000

The increase of wealth per head in Canada was, therefore, approximately from $1,430 to $3,125. As a country, the resources of Canada were and are immense, with population and work as the essentials to prosperity; at the same time there were important limitations provided by nature in coal, iron and wood. As D. H. McDougall, President of the Dominion Iron and Steel Co., pointed out early in this year: "Canada is not a country where wealth is easily gained, but it is a country not yet fully known, not half prospected; where in the past sincere work has almost always reaped a satisfying reward. What we, and our children, will get out of Canada will be in exact measure to what we put into Canada in the way of brains and work. We have great national wealth, but none to waste. We have problems and limitations but, if these are properly tackled, we can lead the world in many things. Only, we must give up talking thoughtlessly of our 'boundless' natural resources, and prepare, by fostering science and encouraging scientific workers, to get the best out of our country."

In 1920 its field crops were the greatest on record in value, in quantity, and in average quality, while Immigration had increased from 57,702 in 1919 to 117,336. For the time being, the United States had taken the place of Great Britain as Canada's outside creditor. According to the Federal Reserve Bank's *Bulletin* of August, Canadian securities held in the Republic then totalled $524,248,313 and of this total, Provincial and municipal issues accounted for $130,425,312, Government issues $150,000,000, railways, $121,328,500, public utility enterprises $80,095,000 and industrial concerns $39,899,500. Amongst the Provinces, Ontario was the heaviest debtor with a total of $30,800,000 on the part of the Provincial Government; Alberta came next with $11,150,000; then Manitoba, $7,848,000; Quebec, $7,500,000; British Columbia $5,630,000; Saskatchewan $3,720,000; New Brunswick $3,170,000; and Novia Scotia $2,000,000. In municipal borrowing Toronto came first with loans in the United States of $17,119,633; the Toronto Harbour Commission showed $5,000,000 of its bonds outstanding there; Montreal had borrowed $7,000,000 and Greater Winnipeg Water District another $7,000,000; Calgary stood at $2,918,806; Vancouver $2,810,000; Ottawa $2,588,859; Quebec $1,255,000; London $1,246,056; Edmonton, $1,348,750; and Halifax $1,025,170.

Failures, despite the depression which developed during the year were, according to Bradstreet's, 976 in number with $18,825,750 of liabilities and $9,631,464 of assets; the liabilities were larger than in any year since 1915 and smaller than those of either 1914 or 1915. The Trust Companies of Canada, during the war years, had faced a steady reduction and almost total cessation in the flow of money from Great Britain, Holland and France for investment in Canadian lands and property; in 1919 the process revived, somewhat, and by 1920 the capital of the Companies had increased to an estimated* $47,000,000, from $33,000,000 in 1916, while the Trusts held had grown from 376 to 661 millions. Fire and Life Insurance grew larger in volume and in premiums—the Fire policies in force in 1919 being $4,904,396,461 and those of Life $2,187,000,000. Popular savings continued to increase and, though the figures were unofficial, the following approximate total of all Canadian Savings at the beginning of this year, as compiled by the Savings Bank Section of theAmerican Bankers' Association is of interest as showing an average total of nearly $200 for every man, woman and child in Canada:

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*Note.—Toronto *Globe* estimate (Financial Supplement) Jan. 3, 1921.

Post Office Savings Banks	$ 43,000,000
Government Savings Banks	13,600,000
Quebec Savings Banks	50,000,000
Loan and Savings Companies	65,000,000
Provincial Rural Credit Associations	1,700,000
Trust deposits with Trust Companies	30,000,000
Chartered Banks	1,300,000,000
Total	$1,503,300,000

Meanwhile, Canada had been driving ahead through the great changes of 1920. The sunshine of popular optimism with which the year began was gradually replaced by the shadows of pessimism, although fundamental conditions changed but little. Banks early in the year issued messages of warning, from press and pulpit and varied sources came ceaseless urgency as to economy and caution. In the March issue of the Union Bank *Monthly* B. B. Carter, Eastern Superintendent of that Bank, pointed out that: "We will see a contraction in what might be called the 'good times' now being enjoyed; it would seem that the sooner such reforms as are necessary are instituted, the better. To my mind, there are three great factors to be dealt with : (1) deflation of currency; (2) increased production and greater exports; (3) increased immigration." Leading bankers had already intimated in interviews and speeches that money would not be lent so freely as in the past, and the Bank of England raised its discount rate on Apr. 15 from six to seven per cent., while other European banks advanced their rates.

In Canada, also, a re-adjustment of Victory bond prices took place, while Government Railway financing affected money conditions in the United States; the favourable Canadian trade balance of some years commenced to change in February, when the $14,000,000 surplus of Exports over Imports became a small deficit which, in March, totalled $50,000,000 and continued to be large throughout the year. Then came the curious upward sweep of speculative prices in certain stocks and, between May and July, Atlantic Sugar advanced 54 points, Howard Smith (Pulp) 64, Price Bros, (Pulp) 60, Riordon, 64; late in July, prices went down with a crash and Thornton Davidson and Co., brokers of Montreal, suspended; Sterling exchange continued to decline and in the United States prices in various commodities showed lower tendencies, factories cut down their schedules and Banks began to call in certain kinds of paper; in both Canada and the United States, there was an increasing tendency toward economy and a lessening in the extravagance of past months.

With the coming of September, the contraction of money for crop-moving purposes and other reasons, impressed itself upon industries and a distinct re-adjustment of conditions became apparent, while business in both the United States and Canada slowed up perceptibly; by November, liquidation was well under way, and on the 19th, according to the Toronto *Globe* financial analysis 21 representative New York stocks showed an average decline of 44 points from the high level of 1920, while 16 Canadian stocks had an average decline of 32 points. As to the general situation in Canada, Sir Vincent Meredith, President of the Bank of Montreal, pointed out on Dec. 6 that an overwhelming demand for credit had taxed resources to the utmost: "Following a period of the excessive prices and inflated currencies characteristic of war times, the country is now in the midst of the process of re-adjustment. It has been difficult to make producers, merchants, and others carrying heavy stocks, who have grown accustomed to high prices, accept the inevitable by recognizing the fact that it is futile to attempt to overcome natural laws and to realize that economic conditions, which no artificial means can alter, alone are the cause of price decline. A lower price level must be reached before we can reasonably look for a resumption of business activity on a sound basis."

During these later months, there was, as always, in such periods a temperamental exaggeration of conditions following upon the growing tightness of money, the reduction in the current value of securities and the abnormal exchange situation. At this time also the depression was enhanced by a growing and unusual tendency amongst merchants and dealers in other countries to repudiate international business contracts; a process keenly resented by Great Britain and considerably indulged in by the United States as well as certain European countries. There was, also, a gradual but steady depreciation in Canadian securities upon the London market, led by Grand Trunk Pacific bonds, influenced by exchange conditions and the financial ups and downs of the British Empire Steel Corporation, affected, also, by the fall in the price of silver—from 76d in December, 1919, to 40d in December, 1920. During this year C. P. R. quotations changed from 170 to 156; Montreal 4 1-2 per cent. from 86 1-2 to 67 1-2; Toronto 4 1-2 from 83 to 71, Canadian Car and Foundry from 129 1-2 to 75, Dominion Steel Corporation from 89 to 49 1-2, Shawinigan Water and Power from 140 to 115, Spanish River Pulp from 152 to 99 1-2. The tremendous drop in sugar produced spectacular losses, the Pulp industry had a serious though temporary collapse; the general drop in American prices was parallelled in Canada and, in the later months of 1920, the Banks were in full swing of restriction, while business, trade, industry, were all entering a period which promised real re-construction.

There was no panic during this period in Canada though the gradually growing depression was obvious; stocks of merchandise were not sacrificed as on the other side of the line; manufacturing and wholesale prices came down, but retailers were slow in responding to the necessity—perhaps too slow; there was, in particular, a marked fall in textile prices as there had been earlier in sugar and, everywhere, at the close of the year, there was a slackening in demand for a large number of commodities; the fall in the value of wheat affected the farmer seriously but he had large stocks of good quality with $400,000,000 in sight for this product alone;

live-stock and dairy products still stood high in price while in mining, lumbering and paper-making, there was marked activity. The process of deflation was under way, but it would not reach its lower levels until 1921.

The salient points of the year, it will be seen, were the warnings of earlier months, in events abroad and at home, and in speech and press, that the inflation had reached its height and that contraction in business and liquidation in various directions were imminent with, in later months, the development of this condition under gradually increasing pressure from the Banks and a steady depreciation in value of securities and in prices of commodities. The critical position of certain Railways aided in the process, and was, in turn, complicated by its development; higher Railway rates were allowed despite strong commercial and agricultural protests and the Telegraph Companies also obtained an increase in rates; the building of ships and supply of shipping overtook the demand, though, for this year, the Dominion Government continued its construction programme.

Other incidents were the control of the Victory bond market undertaken, in January, by the Government and its later embargo on the import of securities with a view to prevent the decline in war-bond and general security prices—a policy which proved only partially successful in result, and was in November finally abandoned. Up to Dec. 1st., 1920, twenty Companies were incorporated with $10,000,000 or more capital; the most notable were the Laurentide Company, Ltd., Montreal, $35,000,000; the Riordon Co., Ltd., Montreal, $80,000,000; the Brazilian Development Co., Ltd., Toronto, $50,000,000, and the Canadian Associated Goldfields Ltd., Toronto and, of course, the British Empire Steel Corporation; an immense number, and for Canada a record number of Companies were incorporated with $1,000,000 or more, of capital. The fall in the price of silver was a factor in Canada and was accompanied by a general decline in the total production of Mexico, United States, Canada and other countries, estimated at $40,000,000 between 1913 and 1920. On July 1st the Bankruptcy Act of 1919 came into operation. It provided for assignees of capacity and character to be appointed by the various Provincial Governments and bonded for the work they were to perform; proclaimed its benefits for men in business or for private citizens, if the latter desired to make an assignment; enacted that all persons carrying on business must keep books showing the record of all their transactions. In this connection G. T. Clarkson, F.C.A., in an address before the Chartered Accountants' Association, Toronto (Sept.14.) explained the situation as follows:

> Under the terms of Confederation, the Dominion Government had control over all matters affecting bankruptcy, and an Insolvency Act was passed in 1869. This Act remained in force until 1880, when it was repealed, and since that time action regarding bankrupts has been carried on under provisions of the various Provincial Assignment Acts. Owing to the fact that there were nine of these Acts in force throughout the Dominion, and each of them different, it was decided to have Dominion-wide legislation that would control all matters

pertaining to bankruptcy. The Dominion Winding-Up Act has always controlled the insolvency of corporations. The new Bankruptcy Act supercedes the Provincial Assignment Acts, which, although economical, were varied, and to a large extent also supercedes the Winding-Up Act, although in certain cases connected with corporations, the creditors can decide whether the latter legislation will be used. The new Act governs all matters affecting the insolvency of individuals, partnerships and corporations in Canada, except banks, loan, trust, insurance and railway Companies, building societies and savings banks, which are still dealt with under the Winding-Up Act.

He concluded with the comment that: "The Act now permits an honest or unfortunate debtor securing a discharge, while a dishonest one cannot secure it. Thus the incentive to commit fraud and compound with a creditor for the best possible rate, is withdrawn." Other events of the year were the failure of the Standard-Reliance Mortgage Corporation, Toronto, of which Lieut-Col. W. S. Dinnick was President, the prolonged investigation of its exceedingly muddled affairs which followed, and finally, the organization of a Company to take over and administer the assets for the benefit of the creditors; the continued enquiry into the disastrous condition of the Dominion Permanent Loan Company, Toronto, which had suspended in 1919, the Report of G. T. Clarkson that upwards of $2,000,000 of the Company's assets had been paid out in dividends at periods when the Company had no net earnings, the fact that all its Directors had died and that action was now taken against the shareholders for recovery; the organization of the Central Trust Co. of Canada at Moncton on June 22, with H. M. Wood, Sackville, as President and the Traders' Financial Corporation, Ltd., of Winnipeg, with A. B. Hudson, K. C., as President; the continuation of the prolonged liquidation of the Dominion Trust Company of Vancouver, which had been carried on through countless Court proceedings since 1914—with an early initial dividend promised.

Important meetings of certain financial organizations were held in 1920; the Banks are dealt with separately. In Toronto on Mch. 4-5, the Dominion Mortgage and Investments Association met with E. M. Saunders in the chair, a membership of 43 Companies, and a record of Assets held by these concerns totalling (Dec. 31, 1919) $1,030,239,435, made up as follows: Loan Companies, $198,047,664; Trust Companies, $451,327,871; Life Insurance Companies, $380,863,899. The Association had affiliated with it the Mortgage and Trust Companies' Association of British Columbia, the Mortgage Loans' Association of Alberta, the Mortgage Loans' Association of Manitoba, and Land Mortgage Companies' Association of Saskatchewan. Sir Thomas White told the meeting that $1,300,000,000 of British gold had, during the War, passed through the offices of the Receiver-General at Ottawa for New York; C. A. Bogert, President of the Canadian Bankers' Association, pointed out that the Mortgage and Bankers' organizations, together, administered Assets totalling $4,000,000,000.

F. H. Sissons, Vice-President of the Guaranty Trust Co., New York, told the Association in reference to the Farmers' movement in Canada and the United States, that: "It is for the financial leaders to devise ways and means by which credit can be extended on a sound basis to aid in developing this great mine of gold in both countries, and that if we do not do this, the great danger in Canada, as in the United States, will be that the farmer, who is unskilled in finance, will attempt impractical and theoretical measures, which will have a far-reaching and disastrous effect on all financial interests." A. J. Glazebrook, of Toronto, contended that in Canada the real inflation was in credit and the exchange situation due to trade conditions rather than to currency. He made this statement: " A good many think we have a surplus of Exports, but we have not. Nominally our surplus was $300,000,000 in 1919, but from that we must deduct at least $200,000,000 for interest on foreign borrowings and $30,000,000 to $40,000,000 for services such as shipping and insurance, besides $60,000,000 to $70,000,000 for goods sold to Roumania, Belgium, etc., on credit. In that way the nominal surplus is lost." Then there was the re-purchase of Canadian securities, very largely for resale to the United States, and totalling perhaps $40,000,000. Hon. W. M. Martin, Premier of Saskatchewan, also spoke. A. E. Holt, of Montreal, was elected President with W. E. Long, Montreal, and J. B. McKechnie, Toronto, as Vice-Presidents. The Executive Committee referred to recent Loan Company failures as follows:

> Recent failures, upon examination, cannot be said to be due to taking deposits, but to methods of investment which should not be permitted. That any legislative changes favoured should have due regard to the proportion of deposits to total borrowings, and to the proportion of either class of borrowing to liquid and total assets, is essential. In extending the existing limit of borrowing by taking deposits so that the limit will be the aggregate of capital, reserve, cash, Dominion and Provincial Government securities, would not in any sense impair the existing safeguards for depositors or debenture-holders.

The Canadian Bond Dealers' Association met in its 4th Convention at Winnipeg on June 17-19, with Sir Augustus Nanton in the chair. In the speeches, it was estimated as to Victory bonds that the Government action in placing marketing conditions under a Special Committee of bond dealers had effected a saving to Victory bond owners of not less than 5 points on the market value of the outstanding two billion of National Debt—in other words $100,000,000. Another interesting point was that against $650,000,000 of bonds sold in the last Victory Loan campaign, the floating supply in Canada was now $10,000,000 or, approximately, 1½ per cent., while the total floating supply of all Victory bonds, including both tax-free and taxable, was only 2 per cent. of the entire outstanding total. A. S. Dawson of the C. P.R., Calgary, gave an address on Irrigation and stated that no mortgage had ever been foreclosed on an irrigated farm in Alberta; R. C. Wallace dealt with Northern Manitoba. J. H. Gundy of Toronto was elected President. The Manitoba Mortgage Loans Association met at Winnipeg on May 17 and in the Executive's report complained of Section 95 in the Insurance Act, approved the general principles of the District Hail Insurance Act, protested against the claim in the Seed Grain Act which granted priority to municipal seed grain liens over first mortgages, urged that the Provincial Moratorium should cease entirely in 1922. F. S. Long was elected President and J. H. Riley Vice-President. The Mortage Loans Association of Alberta, meeting in Calgary on May 13 discussed, chiefly, recent Provincial legislation; W. T. Creighton was re-elected President. The Dominion Association of Chartered Accountants met in Toronto on Nov. 15-17 with A. C. Neff in the chair and a reported membership of 570; the Dominion Bankruptcy Act, was as a whole, approved. In British Columbia, a Bond Dealers' Association was organized in September with A. C. Flumerfelt of Victoria as President.

Chief Financial Appointments of 1920

Institution	Position	Name	Place
Trust & Loan Company of Canada	Chief Commissioner	Jos. Campbell	Montreal
Prudential Trust Co.	Director	Lt.Col. D.M. Robertson,. M.V.O	Toronto
Prudential Trust Co.	Director	Hon. Frank Carrel,	Quebec
Bell Telephone Co.	Director	Glyn Osler	Toronto
Bell Telephone Co.	Director	G. D. Milne	New York
Union Trust Co.	President	M. Ross Gooderham	Toronto
Union Trust Co.	Vice-President	Dr. J. H. McConnell	Toronto
Canada Trust Co.	Director	G. H. Belton.	London
Canada Trust Co.	Director	Hume Blake	Toronto
Colonial Investment & Loan Co.	Director	Hon. W. Proudfoot	Toronto
Toronto Savings & Loan Co.	Director	A. H. Cox	Toronto
Northern Trusts Co.	Director	W. H. Malkin	Vancouver
Can. Mortgage and Investment Co.	President	H. S. Osler	Toronto
N. B. Telephone Co.	Director	Dr. A. P. Barnhill	St. John
N. B. Telephone Co.	President	F. B. Black	Sackville
Bankers' Trust Co.	Director	John Wilson	Montreal
Chartered Trust & Executor Co.	Director	Frank McLaughlin	Toronto
Canadian Bond & Mortgage Co.	Director	W. W. Evans	Toronto
Great West Permanent Loan Co..	Asst. General Manager	T. S. English	Winnipeg
Canada Permanent Mortgage Corporation	Manitoba Manager	J. H. C. Lawrence	Winnipeg
Royal Securities Corporation	Vice-President and General Manager	W. G. Pittfield	Montreal
Royal Securities Corporation	Vice-President	V. M. Drury	Montreal
Royal Trust Co.	General Manager	H. B. Mackenzie	Montreal
Montreal Trust Co.	Director	F. W. Molson	Montreal
Brazilian Traction Light & Power Company	Director	Sir Thomas White	Toronto
London and Canada Loan & Agency. Company	President	C. S. Gzowski	Toronto
London and Canada Loan & Agency. Company	Vice-President	C. C. Dalton	Toronto
Toronto General Trusts Corporation	Director	Thomas Bradshaw	Toronto

The Problem of Prices and Values; Rise and Fall in Canada and other Countries during 1920.

This question or condition in 1920 was vital to every financial, industrial and individual interest of the country; its discussion permeated all popular consideration of politics and public affairs in general; it was part of a great whole, however, in which the determining elements were the United States and Great Britain. According to the Allied Supreme Council in their January Memorandum, the general increase in prices of commodities since 1913 had been 120 per cent. in the United States, 170 per cent. in Great Britain and about 300 per cent. in France, Italy and Belgium; the Canadian official figures showed the increase between 1913 and the early months of 1920 as 163 per cent. Until the break in prices occurred—especially in the two great English-speaking countries—there could be no real change in Canada and no serious deflation in either its currency or credits. When that would take place or how far the process would go was a vital question. During the Napoleonic Wars prices in England had risen 75 per cent. and they took 8 years to become normal; in the United States Civil War they rose 100 per cent. and took 12 years to reach normal levels.

There were indications of a break at the beginning of 1919, but it had not been realized in Canada or elsewhere, largely because of the tremendous demand for food and raw materials in war-scarred Europe. Goods were carried to Europe to increase the scanty rations of the people, to rebuild houses and factories, to provide raw materials for factories which were re-opening or turning to production for peace needs, and to restock warehouses which had been depleted of goods of all kinds. Canada and the United States, therefore, in common with other countries not directly reached by the hand of war, continued the prosperity of war days and did so until nearly the middle of 1920. Prices, in fact, went higher in many lines during 1919 and the process continued into the next year with the first actual break coming in Japan where speculation in raw silk was the dominant factor in the change and was followed by a fall in the price of various other luxuries.

During this after-war period, the reasons for rising prices were many though all were not as fundamental as was inflated currency. There were the scarcity of staple products and goods in Europe, the higher wages in all countries, the reduced output in English countries owing to strikes and shorter hours, price-fixing experiments by Governments which interfered with natural laws of supply and demand, shortage of labour owing to war mortality and a war-caused tendency to avoid work, a wave of unprecedented extravagance following, as a natural reaction, upon the enforced economy of the war-period. Production took at least two years to even partly catch up with the demand, increased taxation of all kinds added to the cost of products, monopolies in certain lines of manufacture helped the trouble as did increasing wage costs. Sir Auckland Geddes was responsible in an interview (London, Mch. 8) for the statement that so far as the United States was concerned, it was a question of too much gold: "The United States used to have about $300,000,000 in gold, but it now has about $2,150,000-000. There is so much gold in America that there is no use for it, and the value of gold there has fallen to about half of its value, as expressed in commodities before the War. There is a concentration of gold in the United States far in excess of requirements."

There were all kinds of subsidiary reasons in the case of specific commodities. Sugar, for instance, was high because there was a world-shortage owing to sugar-beet countries decreasing production whilst varied Prohibition developments increased consumption; potatoes were high and went higher in the first part of 1920, in Canada, because there was a shortage in the United States; bread was dear because wheat and flour were dear and it grew still more so; Tariffs had some influence, as did all forms of taxation, and had a temporary influence, but only a temporary one, in keeping a specific price here and there on a high level. The following table* is of value as affording official Canadian figures as to the progress of prices in the Dominion during the period under review:

Index Number of Wholesale Prices of 40 Commodities.

	1914	1918	1919	1920
January	120·9	225·7	231·3	280·8
February	120·4	236·7	222·7	281·2
March	119·9	237·6	223·2	287·6
April	119·3	239·6	227·3	295·2
May	119·3	244·4	232·6	298·3
June	118·8	250·4	238·3	296·9
July	120·0	248·3	250·8	292·9
August	122·9	251·5	262·7	274·4
September	126·1	252·0	250·7	254·5
October	122·8	245·5	250·0	242·1
November	122·7	246·8	251·1	233·1
December	123·7	245·6	259·2	221·1

In the first four months of 1920 there were in Canada few signs of fundamental change, or of the deflation development which sooner or later, had to come. There were some price decreases but the most obvious thing was a persistent increase along various lines. Wholesale and retail lumber prices continued to rise in the West; the price of wheat was raised under Government control by the Wheat Board, on Jan. 31, by 25 cents per bushel to mills in British Columbia, Ontario and Quebec and the minimum wholesale price of standard white flour from $10.10 per barrel to $11.25; the cost of anthracite coal continued to advance and was raised at some points on Apr. 16 from $14 to $15 a ton while sugar, cement, building materials in general, and metals, all showed a sharp rise during this latter month.

Potatoes in this process were conspicuous and rose higher and higher as a result of shortage in the United States and considerable shipments from Canada to the States. The advance in this product had not been continuous during the war period and M. M. MacBride in the Ontario Legislature (Apr. 30) gave the following figures of yield and value as official ones: 1915, 60,353,000 bushels at $36,459,800; 1916, 63,892,000 bushels at $60,982,300; 1917, 79,892,000 bushels at $80,804,400; 1918, $104,346,200 bushels at $102,235,300; 1919, 125,574,900 bushels at $118,894,000. Early in 1920 the prices leaped upward. Bags of potatoes sold in Montreal (Apr.6) for $5.00 each; on Apr. 26 they stood at $6.00 and at the end of May they retailed there at $8.00. The total value of the potato product for Canada in 1920 was $134,693,000.

Meanwhile, during the first two months of the year other grains besides wheat, bread and meats, and live-stock in general, fish, textiles, hides and raw furs, as well as lumber and metals, all registered an advance. As late as the month of May bread went up one cent a loaf in Montreal, Toronto and other centres—a result of added costs for flour; at the same time the prices of food and textiles in England were still soaring upward and the peak of high prices was reached in the States. Increases in telegraph rates for commercial messages—32 per cent. in Eastern Canada and 20 per cent. in the West, were allowed by the Railway Commission

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*Note.—Collated by Professor H. Mitchell of McMaster University and published in the Toronto *Globe* of Jan. 3rd, 1921.

on May 22; for this month the Labour Department reported, in June, that the general movement continued upward with increases in grain, fodder, live-stock, fuel, building materials, and furnishings —more than off-setting decreases in eggs, milk, hides, textiles, and in raw furs. As late as June, the Canadian prices of cloth and other finished products with wool as a basis were still going up; newsprint rates at the end of the month advanced to $110 per ton, as did natural gas rates at Ingersoll, Brantford, Woodstock and Galt, following upon earlier advances at other Ontario points; the increase in average bread prices during June was nearly half a cent on a 24-ounce loaf; barbers in Montreal and elsewhere raised their level of prices and in July hardwood rates were still going upwards; the Bell Telephone Co., in August, demanded higher rates and, eventually, received them; boots and shoes stayed at their high prices and coal, which had doubled in price since 1914, continued to rise.

In August retail prices showed little change and September commenced with an increased cost to the consumer for milk and continued high prices in restaurants which, indeed, lasted to the end of the year—a Civic statistician in Hamilton estimating at this time the local profit on a cob of corn at 1,200 per cent. and on a dish of tomatoes at 4,000 per cent! In Toronto the Police Commissioners (Sept. 16) had a report on food prices in restaurants which showed profits of 200, 257, 567 and 1,400 per cent. on specific items. The rises in price were very impartial in application and even students at the Universities of the large centres were faced by higher fees as well as increased costs in living. Pulpwood in September was still soaring upward with prices around $15.00 per cord as compared with $4.00 or $4.50 a few years before; rents advanced all through the year for houses, either large or small, in cheap or expensive localities, for rooms or apartments, or suites of rooms, all alike. As to this, Archbishop McNeil in Toronto (Sept. 30) declared the local situation in many cases to be one of "rank profiteering". A fitting climax was in the cost of coal which at Toronto, in the last year of war, averaged $12.00 a ton and in October, 1920, stood at $22.00.

Concurrently with this process of inflated prices there was in 1920 a steady development downward in the selling values of other commodities though this did not commence seriously until May and was not visible to public comprehension or in financial conditions until some time later. Internationally, the process began in Japan, extended into the United States, and then Canada, then reached Great Britain, and afterwards in a lesser degree the Continent. In the United States from January onwards there was a continuous and increasing export of gold which, during 1919, had shown a slight decrease over the year from $3,080,510,011 held on Jan 1, 1919, to $2,762,905,481 held on Feb. 1, 1920,—a steady monthly decrease during seven months. This total fell to $2,739,043,566 on Nov. 1st, but rose slightly again to $2,784,834,427 at the end of 1920.

The American process of price deflation did not begin seriously until the summer season and prices continued during part of the year to range higher, upon the average, than in Canada—especially in city restaurants where the tendency was about 25 per cent. higher. The first sign of a possible change was through, and in, the huge stocks of wool held by Australia and which gradually accumulated in Great Britain as a result of improved transport facilities; on Mch. 17, the New York *Globe* indicated another branch of the same situation in offerings of New Zealand and Australian mutton and lamb at one-half the current New York price. During April the restless consumer in the United States began to struggle against the increasing cost of living—potatoes on Apr. 12 being raised in Detroit, for instance, from $3.50 to $7.50 a bushel—and public organizations were formed pledged not to use this or that commodity until the price came down; at the same time, there swept over the country a movement to wear only overalls and, for women, calico dresses, as a protest agianst the price of clothes.

At the end of April a meeting of the U. S. Chamber of Commerce, at Atlantic City, representing 1,300 trade organizations urged increased production as a great element in the matter. In May credits began to be restricted by the Banks and prices were cut by an increasing number of clothing and other retailers; on May 18, Washington advices stated a definite downward trend in prices of a large number of commodities throughout the country; at the same time the Federal Reserve Board and bankers from all parts of the United States met at the capital and decided to make a determined effort at reducing high prices and forcing deflation; at Manchester and Liverpool, during May, Egyptian cotton had a sharp decline in price and this affected conditions in the States; cotton and wool continued to drop in England as did mutton, also, at this time.

With characteristic American rapidity, a price-slashing wave suddenly swept over the country, and this the National Association of Manufacturers had already anticipated in a New York meeting on May 19, with a Resolution which advised their 5,400 members to reduce wholesale rates from 10 to 25 per cent. Without going into further detail, it may be said that there followed the greatest decline in prices which the United States had ever seen—variously estimated at 20 to 30 per cent. over the next seven months. Sugar had the greatest fall in price, wheat went down nearly one-half, corn two-thirds, and cattle (native steers) one-third, hogs (live) one-half; cotton goods saw a two-thirds decline as did raw cotton, raw wool and raw silk while hides went down one-half, pig-iron, copper, lead and steel billets experienced varied but heavy reductions.*

In Canada conditions changed, also, but more slowly. Potatoes were the first object of popular resentment as to price and various meetings were held to boycott the product and force the price down—a Consumers' League being formed in Toronto

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*Note.—Financial Editor, New York *Tribune*, Jan. 2nd, 1921.

on Apr. 26 with Mrs. A. M. Huestis as President, in Ottawa on the 27th, with Mrs. J. A. Wilson, presiding, and at other points. The price was slow in responding to pressure, however, as the shortage was a real one. Then the general range of prices began to fall in the United States and Great Britain; it became evident at the end of May that the peak of inflation had been reached, despite the fact that increases continued in some lines right up to the close of the year; the Dominion Luxury taxes helped to curtail extravagant purchases in various directions; animals and textile goods during May were the first products to show a reduction, as in June raw wool, leather and jute showed a lower trend; in July potatoes fell as did grains, fish, fruits and vegetables, textiles and lumber.

This movement was accelerated, in respect to foodstuffs, by increasing production in Europe, abundant crops on this continent and gradual reduction in ocean freights. Toward the end of August the break came in sugar and ship-building prices on the Clyde showed a range far below Canadian and United States construction prices; E. S. Bates, head of a Montreal woollen firm, stated there had been a decline in the raw material of woollen goods of 20 per cent on the finer grades and 40 per cent. on the coarser grades. In Toronto on Sept. 2 the Producers' and Consumers' League of Ontario was formed with Mrs. A. M. Huestis as President with a view to tabulating prices, obtaining information and organizing protests; according to the *Labour Gazette* the living costs, averaged over 29 foods in 60 cities, were $16.42 in August as against $16.84 in July and $16.92 in June.

There was, up to September, no such sweeping change as in the United States, there were various increases and some spectacular declines, as in sugar and potatoes, but price cutting was not general and retail merchants—who still carried large stocks at high prices—did not reduce them very readily ; they certainly made the process of deflation much slower. Toward the end of September, a change came and prices in flour and clothing, to the consumer, began to greatly decline, mill feeds also dropped, while wheat and all grains, cattle and sheep, went down; some restaurants cut prices and silks and lumber were cheaper, while motor-cars, led by the Ford Company, announced substantial reductions; in November the Dominion Textile Co. announced a reduction in price schedules averaging 30 per cent. and, for this month, the Labour Department showed a continued average reduction in the family food budget from $15.83 in October to $15.32. By the end of December, clothing had reached its lowest level in years and the Department of Labour's Index number for all commodities for December, 1920, was 290 as compared with 322 for December, 1919. In the United States, a chart compiled by the Liberty National Bank of New York showed a decline in wholesale commodity prices of 34 per cent. in the past seven months. The decline of wholesale prices in Canada, according to official figures, was, between May and December, about 15 per cent. and as a whole was chiefly noticeable in grains, fresh vegetables, breadstuffs, tea, coffee and sugar, and certain items in the textile group—cotton, silks, jutes, etc.

During this year the Wholesale Grocers' Association was charged with having an arrangement or secret agreement with certain manufacturers, and amongst its members, to fix and enhance prices of commodities, provide for rebates and arrange a system of discrimination against outside wholesalers or retailers. Proceedings were instituted on Jan. 28 before the Board of Commerce, upon complaint of the Attorney-General of Ontario, and the matter was dealt with in March by the Board sitting at Hamilton and Toronto with W. F. O'Connor and James Murdoch as Commissioners; A. W. Roebuck of Toronto represented the Attorney-General in what he described as an enquiry and not a prosecution—though he emphasized the charge of combination for control of prices. The complaint involved charges in this respect against (1) certain retail grocers at Hamilton; (2) certain wholesalers grocers of the same place; (3) certain manufacturers variously located throughout Canada; (4) the Wholesale Grocers' Association of Canada; (5) the Wholesale Grocers' Association of Ontario and (6) the members of such Associations.

Evidence of a rather varied character was given and on Mch. 23 Hugh Blain, President of the Association, testified vigorously that: "The Association I represent is not a party to any combine; is not a party to any price-fixing, and is not a party to any action or proposal that operates, or is likely to operate, in restraint of trade." The witness contended, strongly, that there was only one perfect system of selling which embodied safety, economy and convenience, and that was through the wholesale and retail trade: "All other methods are more or less abortive, furnishing only a partial service." Mr. Blain admitted that his Association had refused its privileges to chain stores—presumably the United Farmers' system—and declared that chain stores and price-cutting demoralized legitimate trade and, in the end, injured the consumer: "If their system were carried out universally it would eliminate the wholesale trade and the retail grocer from business altogether; and the moment you eliminate the wholesale trade from business, you take down the umbrella that supports these chain stores and departmental stores as well as the large retail stores—the wholesale grocer is the cheapest possible channel through which goods could come to the public."

The charge against the retail grocers failed of proof and was withdrawn in the argument and dismissed by the Board in an interim decision; the Commissioners also pointed out that combines were not illegal unless it was proved to the satisfaction of the Board that the agreement or arrangement operated to the detriment of the public. Following the sittings, on June 22, a final decision was given which (1) approved the testimony of many witnesses and the claim of the Wholesale Grocers' Association that the most economical mode of distributing the commodities usually sold by wholesale grocers was through the wholesale grocer, and that, apart from the claimed unfairness of the practice of manufacturers in selling direct to the wholesaler's actual or anticipated *clientele*, the reduction in the gross sales of the wholesaler thereby caused an increase in the wholesaler's general operating costs and necessarily caused a general enhancement of the wholesaler's costs and his prices; (2) stated that no evidence whatever was submitted before the Board to prove that either Association in question had rejected the application for membership of any person who, upon any solid ground whatever, could be claimed as a *bona fide* wholesale grocer; (3) declared that a manufacturer had, in law, the right to determine upon such selling policy as seemed to him fit, to adhere to that selling policy, and to refuse to sell to those who would not give adherence to such selling policy; (4) stated, in the matter of re-sales, that testimony was practically all one way and to the effect that a resale, price-fixing arrangement, when the resale or common price fixed was a fair one—one which did not yield an unfair profit—enabled a larger sale and a steadier distribution and thus reduced overhead costs and permitted sales to be made upon a much closer margin of profit.

At the annual meeting of the Canadian Wholesale Grocers' Association at Toronto on Aug. 26-7, there were 150 members present with 20 representatives of allied manufacturing firms. Mr. Blain, in his address, defended the wholesalers or middlemen against the accusation that they were profiteers and responsible for the high cost of living, and placed the onus for the high prices upon the producer and manufacturer. He claimed that the distributor, instead of making more money by the higher prices, was making a smaller profit than before the War. His organization was a combination, not in restraint of trade, but in furtherance of trade; he declared that during the enquiry of March not a particle of evidence was produced to sustain such a charge. In conclusion, he urged members to (1) make a quick turnover of their stock in trade and (2) establish short terms of credit and collect accounts promptly. Mr. Blain was re-elected President; later in the year, he vigorously opposed increased Railway freight rates. On Oct. 6 Mr. Roebuck filed in Court at Toronto, on behalf of the Attorney-General of Ontario, a claim in the action to break the alleged Grocers' combine; he declared that the defendants had illegally restricted or eliminated competition, enhanced prices, obstructed trade, interfered with the rights of citizens to engage in and carry on their business and had increased the cost of living; he urged a dissolution of such unlawful trade combination or agreement and an injunction restraining the defendants from continuing to act in pursuance of or in accordance with such unlawful trade combination or agreement. The decision stood over until the next year.

Meanwhile, there had been a prolonged controversy in Toronto over the effort of the Milk and Cream Producers' Association to increase the price of that commodity. It may be added that much was said at the close of the year as to the difficulties of the retail trade with, in many cases, stocks on hand bought at high prices. A. W. Maybee, a high Western official of the Canadian Bank of

Commerce, stated at Moose Jaw—interview in Toronto *Financial Post* of June 19—that on their own statements, from 25 to 50 per cent. of the total assets of the merchants in the three Provinces of Alberta, Saskatchewan and Manitoba consisted of stagnant merchandise and uncollectable accounts. Manufacturers and wholesalers had, in most cases, and throughout Canada, marked down their prices and taken their losses while cutting their stocks to the limit. But retailers had not done so as a whole and however correct the above Western figures were, there was no doubt of the problem and it was, undoubtedly, a factor in delaying deflation.

Financial Policy of the Dominion Government; Sir Henry Drayton's Budget.

The Canadian Government found the financial situation a difficult one to deal with in 1920. It was no longer backed by the inspiring sentiment of a great war and the support which such a condition evokes from the public; its essential taxation of the people was an unwelcome burden which became the greater as deflation and depression worked their inevitable results; the national expenditure since 1910 had multiplied three times over and since 1914 (year ending Mch. 31) had increased on Consolidated Fund account, and apart from capital and special war expenditure, from 163,174,394 to $178,284,313 in 1918, $232,731,283 in 1919 and $348,911,631 in 1920. Meanwhile, the net Public Debt had grown to very large proportions—from $335,996,850 in 1914 or $41.61 per head of the population, to $2,273,305,436 in 1920, or $252.00 per head. The gross Debt in these years, respectively, was $544,391,360 in 1914 with active Assets estimated at $208,394,519 and $3,014,483,774 in 1920 with $1,078,537,461 of Assets. Put in the form of outstanding obligations, payable at specific dates in London or the United States, the following table (November 1920) shows the dates at which an indebtedness of $2,523,062,178 reached maturity:*

1921	$ 40,000,000	1937	$ 345,473,000
1922	194,867,100	1938	52,327,296
1923	194,881,800	1945	65,207,351
1924	105,289,550	1947	4,888,185
1925	43,310,600		
1926	25,000,000		
1927	65,936,450		2,244,276,132
1928	2,000,000	Serial	
1929	60,000,000	1920–25	24,333,333
1931	79,398,700	1909–34	23,467,206
1933	483,081,250	1930–50	137,058,841
1934	481,741,850	1940–60	93,926,666
1935	873,000		
Total			2,523,052,178

There was much discussion of the financial situation—more in the country than in Parliament—and especially in respect to the deficits of the year on Government-owned Railways. As to taxation, the Business Profits War Tax expired on Jan. 1, 1920 and in its three years of operation had realized $66,747,000. The *Globe* of Jan. 1st objected to its final abandonment; "Taxation of profits is a settled policy in almost every country in the world to-day. Moreover, the levy upon incomes, whether from direct business profits, rentals, royalties, or investments, has reached a point in Britain and other lands that would make many Canadians squirm if applied here. But there is no evidence that it is preventing investments in business and industrial organizations." Figures given in the Commons* showed that $62,687,258, altogether, had been raised under the Income War Tax Act and that in the calendar year 1917, 8,962 farmers and, in 1918, 12,774 farmers had paid a total of $957,980 under this Act. Others paying the Tax numbered, in 1917, and 1918, 44,768 and 109,784. In the Commons on May 7 there was vigorous criticism of this Tax expressed by Dr. W. D. Cowan (Cons.), Levi Thompson (Lib), and other Western members, on the ground that the system was too cumbersome and complicated, that it lacked facilities and convenient forms, that it discriminated unfairly between individuals.

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*Note.—Royal Bank of Canada—Monthly Letter for December, 1920.

R. W. Breadner, Commissioner of Taxation, told the Committee of the House that both British and United States officials had complimented his staff on the simplicity of the Canadian forms. He added that, in 1917, 17 Senators and 30 members of the Commons did not have a taxable income and cited cases where men getting incomes of $100,000 were not taxable because of large contributions to patriotic funds and Red Cross campaigns. There was one case in 1918 where a man's income was $30,000 and he gave the whole sum to the Patriotic Fund. This year, about 1,000,000 persons would make returns; he stated there was not one report of a million-dollar income and only one of $500,000; the United States had 141 of the former and 456 of the latter. In this connection, it may be added, Sir Henry Drayton, in his ensuing Budget speech, put the returns from the Income Tax for the fiscal year of Mch. 31, 1920, at $20,000,000 and the Business Profits Tax at $44,000,000. These two taxes realized, therefore, about $7.00 per head; in Great Britain, the combined Income and Business Profits tax (Mch. 31, 1920) was 580 million pounds or about $60 per head. According to Mr. Chamberlain, British Chancellor of the Exchequer, the direct taxation of four great nations in 1914 and 1919 or 1920 was a follows:

Country	Year Ended	Per Head
United Kingdom	Mch. 31, 1914	£ 1 11 0
	Mch. 31, 1920	15 3 0
France	Dec. 31, 1913	0 13 6
	Dec. 31, 1919	2 7 0
Italy	Jun. 30, 1914	0 12 6
	Jun. 30, 1919	2 3 3
United States	Jun. 30, 1914	0 3 0
	Jun. 30, 1919	5 8 0

The Minister of Finance, Sir Henry L. Drayton, presented his main estimates to the House on Mch. 22, totalling $537,149,428 for 1920-21 compared with $437,679,000 for 1919-20. According to a Return presented on Apr. 6, in reply to a question by Hon. W. S. Fielding, the total revenue of Canada per head was estimated for 1920 at $36.21, the total expenditure (capital and ordinary) at $75.01, the Consolidated Fund or ordinary expenditure at $30.00 per head. The estimate showed an expected revenue of $325,000,000 and total expenditure of $675,000,000; the population was placed at 9,000,000.

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*Note.—Sir H. Drayton, Minister of Finance, Mch. 4 and Mch. 14, 1921.

A Return tabled on Apr. 28 showed that the Government in the fiscal year 1919 received $7,421,001 interest and income on total Assets of $1,102,104,692, and in the fiscal year 1920 received $15,732,775 on $1,078,537,461 or more than twice the income on smaller Assets. The Finance Minister presented his Budget on May 18. After a brief reference to the war period, he reviewed the situation as follows: "These conditions today are changed; the War is won; expenses are great; the cost of Government operations as well as the carrying on of every business of every character in the country, has increased enormously, and over and above this the country, with other countries which took their part in the titanic struggle, is faced with a pyramid of debt. The duty to-day is not only to carry on the government of the country without any additions to the Debt, but on the other hand to promote measures which will reduce the nation's obligations. . . . If anything like the same effort (as during the War) is made to overcome debts, and by overcoming debts to bring about a proper deflation of prices, credits and circulation, the task will prove well within our powers." Statistics were given as to the expansion of Canadian interests during recent years—Trade from $548,139,881 in 1909 to $2,351,174,886 in 1920; Agricultural production from $663,349,190 in 1910 to $1,975,841,000 in 1919; industrial products from $1,165,975,639 in 1911 to $3,015,557,940 in 1917; Bank deposits from $639,899,365 in 1908 to $1,841,478,895 in 1919; gross earnings of Railways from $145,056,336 in 1909 to $382,976,901 in 1919. As to the Public Debt, Sir Henry stated the gross or total figures at $3,014,483,774 on Mch. 31, 1920, with Assets of $1,078,537,461 or a Net Debt of $1,935,946,312. The Assets he listed a follows:

Investments, etc., included in calculating Net Debt
As of Mch. 31, 1920

Sinking Funds	$ 21,385,930.72
Canadian Northern Railway Co.	140,223,373.89
Grand Trunk Pacific Railway Co.	95,345,469.19
Grand Trunk Railway Co.	1,148,533.33
Loans to Banks	101,065,725.00
Advances to Trust & Loan Cos.	3,850,000.00
Loans to Provinces (Housing)	11,740,000.00
Loans to Provinces (Farmers)	3,500,000.00
Imperial Government	171,710,168.19
Other Governments	34,336,117.75
Miscellaneous Investments	39,314,000.45
Miscellaneous & Banking Acc'ts	175,039,622.61
Cash	173,984,342.34
Specie Reserve	103,597,849.90
Province Accounts	2,296,327.90
Total	$ 1,078,537,461.27

Commenting on these figures, the Minister said: "It is obvious that the advances to the Canadian Northern, Grand Trunk Pacific and Grand Trunk Railway Companies cannot be treated as active assets. They are not at the moment realizable; further, no interest is being paid, and in some cases the principal as well as interest is overdue. As is well known, Canada is now the owner of the Canadian Northern, receiver for the Grand Trunk Pacific, and steps have been taken for the acquisition of the Grand Trunk. Assets which are not readily convertible, as is the Special Reserve and are not interest producing, are not such assets as ought to be deducted from the gross Debt. They are inactive, they are items of such a character as might well be placed in a suspense account." After a reference to other items which he thought should not be included as active assets, the Minister deducted a total of $337,359,124.07 and placed the Net Debt at $2,273,305,436. Attention was then drawn to the current inflation in the price of commodities, in currency and in credits. In the currency matter, Sir Henry stated that the Dominion note circulation on Mch. 31, 1914, was $117,795,718 and on the same date in 1920 was $311,932,791; Bank note circulation at these dates was, respectively, $96,848,384 and $225,769,628—less Dominion notes held in Central Gold Reserve of $3,500,000 in 1914 and $97,700,000 in 1920. The gold held by the Government in 1914 was $96,161,366 and in 1920 $100,286,280 with $10,500,000 in Central Gold Reserve; the gold held by the Banks was, respectively, $45,661,913 and $79,990,826 The Minister was able, therefore, to state with some pride, that:

> Under all the circumstances, bearing in mind that Canada before the War had to borrow abroad to finance her own requirements, bearing in mind that during the War and since the Armistice she has not only financed herself but has also extended credits to other nations, the situation of the country's currency is very remarkably good. The percentage of the Gold reserves to the Dominion and Bank note circulation is 43 per cent. The percentage of gold to the total circulation of Great Britain, based on 1919 figures, is 26 per cent. and of the United States approximately 55 per cent. The circulation, large as it is, is all required. In view of to-day's conditions the world over on a greatly increased wage scale, much more circulation is now required for this purpose. The increased prices of commodities mean that more money must be kept in the tens of thousands of shop-tills all over the country. The constantly increasing demands on the Mint tell their own story. In 1914, 11,770,108 pieces of coinage were turned out; in 1919, 35,986,003 pieces.

With deflation in prices and credits would come a lessened circulation: "It is impossible by any direct Government action to bring about deflation either in circulation or in credits without great danger of economic disaster. Inflation can only safely be cured in this as in other countries, by the Governments stopping further loans, and by all governmental institutions, including municipalities and indeed every individual, reducing expenditure and by an increased production in all our forms of productive industry." The Minister estimated the Revenue for the year of Mch. 31 at $388,000,000—the largest on record and $255,000,000 greater than in the first year of war; the chief sources of the revenue were Customs $169,000,000; Excise $43,000,000; Post Office $22,000,000; Business Profits and Income Taxes $64,000,000, and other war taxation $17,000,000. The expenditures, under Consolidated Fund account, were estimated at $349,000,000 including $108,500,000 interest on Public Debt, $26,000,000 for Pensions and $49,000,000 for Soliders' re-establishment. The expected Surplus was, therefore, $39,000,000 and capital outlays were placed at $187,856,991; up to Mch. 31, 1920, the total War expenditure was $1,674,000,000—apart from Pensions, Soldiers' re-establishment, Land Settlement and interest on War debt. The tabled estimates for 1920-21 included $50,000,000 for Soldiers' Land Settlement loans, $48,600,000 of loans to Canadian Northern Railway Co., $17,000,000 for Railway Equipment purposes, and $13,300,000 for Provincial loans re Housing purposes with $20,000,000 for the continued ship-building programme. As finally included in the Public Accounts, the Receipts on Consolidated Fund for the year were $349,746,334, and the ordinary Expenditures $303,843,929, the Surplus $45,902,404 and the Capital expenditures $69,301,877 of which Railways and Canals took $30,432,194 and Public Works $38,869,683. The discrepancy between the Minister's estimated Revenue of $388,000,000 and the actual Receipts of $349,000,000 was due to the inclusion in the Estimate of about $40,000,000 of Government railway accounts which were afterwards adjusted by Parliament so as to apply direct, as Railway credits, in a separate Railway account.

The taxation question was discussed at length, and certain new taxes were dealt with. The Minister, in presenting what were variously termed Excise, Luxury and Sales taxes—introduced them as amendments to the Special War Revenue Act, 1915, and provided that certain taxes should be "imposed, levied and collected on the total purchase price of the articles specified and on articles of clothing the said tax may be imposed upon the combined selling price of materials and cost of manufacture when sold separately." As the Minister put it: "Extravagant buying should stop. With this end in view, as well as for necessary revenue, it is proposed to levy on certain specified articles excise taxes which are to be paid by the purchaser to the vendor at the time of sale for consumption or use, or on importation for consumption or use." Upon certain articles of wearing apparel such as boots and shoes, in excess of $9 a pair, men's and boys' suits in excess of $45, fur coats and robes in excess of $100 each, women's dresses in excess of $45 each, women's suits in excess of $60 each, men's and women's overcoats in excess of $50 each, hats, hose, neckwear, shirts, purses, and gloves bought above specified prices, and fans and opera cloaks, it was proposed to levy a tax of 10 per cent. of the total purchase price.

The same rate of tax was to apply to trunks in excess of $40 each, valises, suitcases, etc., in excess of $25 each; so with ivory handled cutlery, cut glassware, velvet and silk fabrics, lace, ribbons, silk embroideries, and sporting goods. Under the terms of the French Treaty silks, velvets, lace, and silk embroideries had in recent years been given a preferential treatment. Under new conditions, however, the operation of this Treaty was to cease on the 19th of June, 1920, and thereafter, subject to action when the tariff was revised, these articles would carry rates of from 30 to 35 per cent. instead of the rates ranging from 20 to 27 1-2 per cent. In addition to this, such luxuries were to be subject to the Excise Tax of 10 per cent. on their purchase price. A similar tax of 10 per cent. of the total purchase price was levied upon such articles as cigar and cigarette holders and pipes in excess of $2.50 each, humidors and other equipment for smokers, hunting, shooting and riding garments, fancy pocket knives, gold, silver, ebony and ivory toilet-ware, articles of silver adapted for household or office use, jewellery, fur-wearing apparel (except as provided elsewhere), liveries, oriental rugs, expensive carpets and curtains and chandeliers.

An Excise tax of 10 per cent. was to be payable at the time of sale by the Canadian manufacturer or when imported on boats, yachts, canoes, and motor boats (when used for commercial purposes refund of tax was provided for) on shells or cartridges, pianos, organs, musical instruments, and plated ware adapted for household use. A like tax of 20 per cent was imposed upon mechanical player pianos, gramaphones and mechanical musical instruments and records used therewith. Articles of gold adapted for household or office use were taxed, similarly, to 50 per cent. of the selling prices. A specific tax on playing cards was provided for. On all cards selling at wholesale rates not over $25 per gross packs, the tax was 25 cents a pack and in excess of $25, 50 cents a pack. The Minister stated that a large revenue was received during the past year from taxation on motors which totalled $12,962,365—of this amount $6,378,171 was from Customs duties and $6,584,194 from Excise: "It has been determined to increase the Excise tax, which is chargeable both on Canadian and imported cars, from 10 to 15 per cent. It is also proposed to increase the duties on beer, wine and spirits—an increase in the duties on beer of 30 cents a gallon; on non-sparkling wines, 30 cents a gallon; on spirits $2.00 a gallon, and on sparkling wines $3.00 a gallon. These are in excess of the present duties, both customs and excise."

There was to be a Sales Tax of one per cent. on the sales of all manufacturers, wholesale dealers, jobbers and importers with however, a wide list of exceptions in food products, fish and coal; a continuation of the Stamp taxes with an increased rate on bills of exchange and promissory notes and a tax of two cents for each share of stock transferred; the Tax on moving picture films was removed as being a hardship on small movie theatres; the Business Profits Tax was continued but, with a view to enabling firms to put aside more of their profits in reserve or plant extensions and to put their business in a better position to meet the deflation period, the current exemption of profits was increased from 7 to 10 per cent. The War Customs duty of 7 1-2 per cent. was entirely repealed, the Business Profits Tax was discontinued and the Income Tax was left at the increased rate of the previous year which would operate in 1920 for the first time and bring the total up to United States rates; so with the Corporation Tax which had been raised from 6 to 10 per cent. The Income Tax, therefore, stood as follows:

On Income of....$	5,000....from..............$	100....to..............$	120....an Increase of..........$	20
"	10,000....from..............	392....to..............	590.... "	198
"	20,000....from..............	1,382....to..............	1,990.... "	608
"	30,000....from..............	2,702....to..............	3,890.... "	1,188
"	50,000....from..............	5,782....to..............	9,190.... "	3,408
"	100,000....from..............	17,607....to..............	31,190.... "	13,583
"	200,000....from..............	50,957....to..............	93,190.... "	42,233
"	500,000....from..............	195,407....to..............	303,190.... " ...	107,783
"	1,000,000....from..............	499,157....to..............	663,190.... "	164,033

After a reference to the pending Tariff investigation, the Minister gave place to Hon. W. S. Fielding, who spoke for the Liberals and as an old-time Finance Minister. He claimed that the money invested in War Loans had been taken from the channels of active commercial and insdustrial life, that this withdrawal was just beginning to be felt, and presented this general conclusion: "It was a great thing to be able to get our capital in Canada when you had to get it. It was a great thing to get money in Canada when the money markets of London and New York were closed against us. It was a great thing that in a condition of emergency we could get the money but it is just as well to remember that Canada is a comparatively young and a comparatively undeveloped country. Canada is a country which will need capital and therefore it is exceedingly desirable that the Government should gradually get its finances into a condition which will enable it to go, when new loans are needed, to the money markets of the world." Mr. Fielding also emphasized the seriousness of the financial situation—especially of the $47,000,000 Government Railway deficit; he did not, upon the whole, find much fault with the Minister's policy or presentation of the national position; he deprecated the extreme Free trade views of certain elements in the House, denounced extreme Protectionism and defended the Bounty system in phases of its application; he concluded by a Budget amendment and Resolution declaring that "substantial reductions" should be made in the burdens of Customs taxation.

This first Budget of a new Minister was for some time the most discussed subject in Canada. In the main, it was not a partisan controversy; the elimination of Tariff changes made this immunity possible; there were, however, all kinds of opinions and enquiries as to the new taxes and their individual application. Sir John Willison (May 19) described the new Income and Excise taxation as "very much heavier than that of the United States" and deprecated the paying of the Sales Tax, in the first instance, by the manufacturer or importer; E. M Trowern, Secretary of the Retail Merchants' Association of Canada, declared (22nd May) that most of the suggestions recently made by his Association had been disregarded and that the Government appeared to have not received the matured opinions of the various trades; the *Mail and Empire* (June 8) while approving the Sales Tax, so far as it went, thought something more drastic than the imposition of a sales tax should be used for the elimination of the exploiting speculator. There were, of course, hostile opinions expressed. Mrs. Nellie L. McClung, noted as a novelist and Prohibitionist, told the Edmonton *Albertan* that the new taxes would bear heavily on the salaried and professional people, who were now burdened to the limit: "To them they will mean a further lowering of the standards of living, and they become more than ever the new poor. I would have liked to see the Government make drastic reductions in the tariff."

R. B. Maxwell of Winnipeg, President of the G. W. V. A., claimed that these taxes would vitally affect the poorer classes: "Parliament now requires that those who served in the War shall share in the payment of the major portion of the war-debt despite the fact that war-accumulated wealth remains practically unmolested." The Sales Tax was especially critized and strongly defended. For it was the argument that everyone who sold anything would have to pay; that it gave the Government a tangible basis—the unceasing ever-present expenditures of a people; that its collection was simple and automatic, its incidence fair and wide; that its operation had proved successful in France and the Phillippines and that it was eminently productive. An interesting outside opinion was expressed (May 26) by the New York *Sun-Hearld* which declared that: "The Canadian Government's courageous and determined measures to make the 1920-21 Budget balance, merit commendation by all and emulation by other Governments." Many suggestions as to details were made in the press, in the House, and by deputation.

The Minister held himself open upon various points and on May 31 heard a deputation of 200 representatives of the Retail Association. They stated that 200,000 retail merchants operated in Canada and constituted by far its largest commercial class; in an elaborate Memorial they objected to any tax on sales and to any system of placing stamps upon articles sold; they criticized the Income Tax, expressed "surprise and regret beyond measure" that only $20,000,000 was being collected and declared that a great many people must be evading it; the Sales Tax was described as "an ill-advised, poorly-conceived and poorly-devised measure and one that will be resented by every sound-thinking commercial man in Canada." As an alternative, they suggested that the tax be applied at the source of supply, which would be the factory or the importers' warehouse. By this method, the merchants claimed there would be less confusion and less chance of dishonesty; that it would be paid more willingly than under the present plan and would cost infinitely less to collect. In his reply, Sir Henry Drayton asked for detailed suggestions: "We want to get the money, and we are going to get it. We also want to check extravagance and reduce the high cost of living, and we have got to hurt ourselves to do it." He predicted that an era of lower prices was coming and added: "We are not going on borrowing money; we are going to live within our means." A Deputation on behalf of the Hospitals protested to the Minister, on May 26, against the taxation of alcohol and proprietary medicines. It would mean, they said, curtailment in the treatment of patients owing to the enormous increase in the cost of tinctures and of all liquid medicines which contained spirits. The Superintendent of the Royal Victoria

Hospital stated that the tax would mean from $15,000 to $18,000 increase in the expenditure of that institution and so, they asserted, with other places; Henry Miles, M.L.A., told the Minister that liquid medicines were taxed four times over. There was a $2.00 tax on the spirit content or tincture used, 30 per cent. tax on the trade price, one per cent. each time the article was turned over by the manufacurer or jobber, and 4 per cent. on the retail value.

Meanwhile, in the Commons, the Budget debate had carried on until June 2nd with the usual succession of speeches covering every phase of current political controversy and with many and varied Tariff or fiscal arguments; the Banks were attacked and defended, the Wheat Board and Board of Commerce denounced and approved, the new Taxes criticized and eulogized, the Railways and railway situation discussed, Agriculture and the Farmers dealt with, Manufacturers and the Tariff debated. On May 20th, D. D. McKenzie (Lib.), criticized the Finance Minister for not dividing his Revenue statement into ordinary and extraordinary or, in other words, deducting from the $388,000,000 estimate the war-taxation returns such as the 7 1-2 per cent. extra war-tax, the Business Profits and Income tax, etc.; with these deductions he obtained a deficit of $79,000,000 and then, by adding capital and all other expenditures together, he made a total expenditure of $886,741,110 against a total revenue of $388,000,000 or a total deficit of $498,000,000. Dr. Michael Clark (Liberal and Free trader) contended, on the 25th, that Excise tax was not a proper name, that if, as expected, $100,000,000 was really raised by these new taxes and they were defensible on other gounds, they should have been imposed at the beginning of the War with $600,000,000 as a consequent tangible reduction of the Debt; that these new taxes, however, really constituted an internal tariff and as such were injurious to the people as a whole; that they would lessen business, diminish prosperity, trade and accumulation of wealth in the country; that they were crude, complex and difficult to collect. Jean J. Denis (Lib.) quoted the Budget figures of 1916-20 to prove that the surplus claimed by Government was steadily diminishing as follows:

Year	Revenue	Expenditure Ordinary Account	Surplus Revenue over ordinary Expenses
1916	$170,000,000	$ 93,500,000	$76,500,000
1917	232,000,000	145,000,000	87,000,000
1918	258,000,000	173,000,000	85,000,000
1919	310,000,000	240,000,000	70,000,000
1920	388,000,000	349,000,000	39,000,000

Speeches in this debate were made by about 75 members including Hon. T. A. Crerar on May 31 and Hon. Mackenzie King and Hon. N. W. Rowell on June 1; this latter date saw the defeat of Mr. Fielding's motion by 124 to 94; H. O. Wright of Battleford, Sask., and J. A. Campbell of Nelson, Man., were two Unionists who supported the motion, while W. A. Buchanan of Lethbridge opposed the Budget proposals and supported the amendment but paired in the division. On June 9 the Minister of Finance announed a series of proposed changes and amendments for consideration and discussion: (1) Boots and essential articles of clothing to be taxed 15 per cent. on the excess, instead of 10 per cent. on the total selling price; (2) expensive furniture, walking sticks and expensive china to be subject to Luxury Tax; (3) exemption limit increased on furs, coats, caps, muffs, neckpieces, robes and guns; (4) modifications in the Tax on sporting goods, velvets, velveteens, lace and braid, ribbons and carpets.

On June 12 Hon. T. A. Crerar moved an amendment which embodied, very largely, the contention of the retailers and declared that such taxes "shall be paid by the manufacturer or wholesaler at the time of sale or on importations at the time of importation, in addition to duties of customs already imposed." It was defeated in a small House by 39 to 25. On June 15 a further list of changes was announecd and the Minister stated that his object was to exempt fuels and foodstuffs altogether; the proposals were passed in the main, though there were many minor amendments; the general principle in the Sales Tax of one per cent. was approved, but with a tax of two per cent. on sales made direct to retailer or consumer by the manufacturer, or on direct importations.

Many enquiries were made in following weeks as to exemptions and general application of the Taxes and on May 20 the Wholesale Grocers' Association were told that canned goods, dried fruit, vegetables and rice would come under the one per cent. tax. The final Resolutions were passed by the House on June 17 and the Bill a little later; the changes were so many and varied that it was almost a new series of taxes except that the general principles were unaltered; as finally sifted down and regulated, the legislation was divided into a Luxury or Excise Tax and a Sales Tax. The first was collected by the vendor, a voucher was issued with stamp affixed according to value and the customer was supposed to use a perforator cancelling the stamp; the second was collectible at the time of sale by manufacturers, wholesalers or jobbers on importation and was to be forwarded to the Collector of the division by the last day of each month. Sales by manufacturers direct to retailers or consumers were subject to a tax of 2 per cent., and to wholesalers or jobbers, or by wholesalers or jobbers, to a tax of 1 per cent. Importations by manufacturers, wholesalers or jobbers were subject to the Sales Tax of 1 per cent., except when for their own use, in which case the Tax was to be 2 per cent. Importations by retailers or consumers were subject to a tax of 2 per cent. In September Sir Henry Drayton visited the West and at Vancouver on the 20th addressed an important banquet of the local Board of Trade with President W. J. Blake Wilson in the chair and a notable speech by the Provincial Attorney-General, Hon. J. W. de B. Farris. At Edmonton on Oct. 6, the Minister pointed out that Canadians in the past year, man, woman and child, spent $104 per head in theUnited States. The total expenditure in the United States of depreciated Canadian dollars during 1919 was $802,000,000.

Meanwhile, the so-called Luxury taxes were put under the new system of collection from Nov. 1 and every merchant was supplied with a special machine for cancelling the stamps by perforation, and charged a nominal license fee of $2. On Dec. 20, it was suddenly announced that the Minister of Finance and the Government had decided to abolish these taxes and that it had been done by Order-in-Council, on the 18th, to come into immediate operation. Many important industries were at this time completely shut down, while others had laid off large numbers of employees because of lack of orders, and it was thought that this situation was intensified by the idea, generally held, that this method of taxation was intended to be of a temporary character and must, sooner or later, be abolished. Sir Henry Drayton, Minister of Finance, was stated to have reached the conclusion that the purpose for which the taxes were imposed, namely, that of curtailing extravagance, reducing prices and causing people to reflect upon conditions and prices, had been well attained. The semi-official explanation at Ottawa was as follows: "Abolition applies to all the Luxury taxes adopted seven months before except those on spirituous and alcoholic liquors, medicated wines, patent and proprietory preparations containing alcohol, lime and fruit juices, fortified spirits and strong waters, perfumery and toilet preparations, playing cards and confectionery. All other Luxury taxes are abolished whether paid by merchants, manufacturers or importers. The Sales Tax remains in full force and effect."

Banks and Banking in 1920: Influence and Policy of these Institutions.

The action of the Banks of Canada in 1920, as during the years of war, was one of carefully organized policy upon all National issues of a financial nature and upon all important matters associated with the period of reconstruction and deflation. In such war matters as advances to Great Britain, loans to the Canadian or British Government and the purchase of Victory bonds, they had acted together in close touch with the Government; in later questions, especially affecting the year under review such as currency conditions and restriction of credit, the same policy prevailed so far as consultation between the heads of the institutions was concerned; the medium for such arrangements and action was the Canadian Bankers' Association. This body of 22 men, presided over latterly by Edson L. Pease and then by Clarence A. Bogert, General Manager of the Dominion Bank, controlled assets of over $3,000,000,000 and deposits of nearly $2,000,000,000.

The records of the vital years following 1914 indicated that, upon the whole, this responsibility was ably and patriotically borne; they showed a continued and cautious influence in the launching of Government loans, in provision of facilities and aid for the sale of Government bonds, in the purchase of these National obligations at certain stages of national effort; the years 1918-19-20 proved the value of this Association and the united policy of the

Banks in the absence of hasty action and financial panic during a critical period, in co-ordination of Banking policy and practice, in the checking of speculation and curtailment of credit when it became necessary to the general stabilization of financial conditions. Depression in Canada had not, for many years, meant a financial crisis or collapse and even the shock of war did not create a panic, or stir up popular distrust, or turn the organized Banks from their steadying influence upon that financial lever which so greatly helps or hampers the progress of commerce and industry and production.

The Bankers' Association had, in 1920, Sir F. Williams-Taylor, H. A. Richardson, Sir John Aird, and C. E. Neill, as Vice-Presidents; its Secretary-Treasurer was Henry T. Ross, and General Counsel A. J. Brown, K. C.; it published a valuable and well-edited *Journal* of monthly character, in charge of a Committee made up of H. V. F. Jones, C. H. Easson and J. P. Bell. Under the Bank Act, it had specific duties of great importance which included supervision of the making and circulation of Bank notes and destruction of cancelled notes, with a yearly inspection of the accounts of individual Banks to see that the law was complied with; co-operation with the Dominion Finance Department in management of the Central Gold Reserve and, in the rare event of a bank suspending payment, appointment of a Curator to administer its affairs; establishment and operation of Clearing-houses in the chief financial centres of Canada—numbering 26 in 1920—which constituted a sort of co-operative organization for prompt settlement of all claims between banks and transmission of banking paper, notes, cheques, etc., to their proper destinations.

The Association had been organized in 1895 and incorporated in 1900; it had at this time two Sections—the Western with headquarters at Winnipeg, and the Pacific with headquarters at Vancouver; its central offices in 1920 were at Toronto. When asked by *The Grain Growers' Guide* of Mch. 10 in this year if the Association fixed the rates at which loans were made by the Banks, H. T. Ross, the Secretary, replied in the negative and stated that each Bank was entirely free to set its own rates and to make loans and secure deposits in the fullest and freest competition with the other 17 similar institutions. At the annual meeting of the Association on Nov. 11, 1920, Sir H. V. Meredith, Bart., of Montreal, was added to the list of Hon. Presidents, and Mr. Bogert was re-elected President. In his address, the latter compared the note circulation of Great Britain, the United States and Canada, and stated that between Dec. 31, 1918, and the end of August, 1920, Canada's note issue had decreased by nearly $2,000,000 while in the same period, notes outstanding in Great Britain had increased by $150,000,000 and in the United States by $250,000,000. He also stated that arrangements had recently been completed whereby Great Britain would repay its debt of $150,000,000. to the Canadian Banks in monthly installments, until the money was all repaid by April, 1922.

The conditions facing the Banks in 1919 and early in 1920 were very similar; in the former year, and up to about March of the latter, business in a somewhat artificial way was extremely prosperous and expansive in its demands and requirements ; industries and factories were crowded with work though frequently handicapped by lack of men, and orders came without being sought for; retailers were often unable to get enough supplies or to be sure of deliveries. Under such conditions the assets of the Banks had expanded from $2,783,000,000 on Jan. 1, 1919, to $3,100,000,000 on Dec. 31. The business had to be taken care of though all Banks and far-seeing customers, alike, knew that the condition was a passing one, a part of the war inflation with the end coming nearer and nearer though not exactly in sight.

Then, in the third month of 1920, came preliminary declines in prices and signs of change which were clear to those connected with finance; cereals dropped steadily in value, cotton, wool, rubber and hides followed and by June, the general decline was well under way—more marked in the United States than in Canada. Contraction in credits naturally followed, though restrained for a time by the need for moving the crops; concurrently, however, speculation was for a period rampant, some commodities advanced in price while others dropped, and the issue was thus obscured in the public mind. There were continually greater importations of raw materials and luxuries and, until the later months of the year, an actual increase in manufacturing production. Gradually, as credit contraction continued, Bank loans and discounts in Canada decreased and, in December, current deposits, also, though curiously enough, savings deposits increased right up to the end of the year:

Month of 1920	Current Loans and Discounts in Canada	Deposits in Canada	
		Demand	Savings
January	1,226,962,963	621,408,024	1,163,297,037
February	1,257,015,902	620,069,555	1 187,027,307
March	1,322,267,030	657,412,028	1,197,719,570
April	1,347,238,230	652,918,760	1,209,573,990
May	1,349,079,981	645,957,229	1,229,073,515
June	1,365,151,083	659,622,583	1,243,700,977
July	1,377,276,853	639,415,025	1,253,170,443
August	1,385,470,153	640,361,707	1,261,647,732
September	1,417,520,756	677,286,905	1,270,194,097
October	1,405,401,227	687,651,781	1,271,275,751
November	1,357,973.118	686,754,094	1,292,009,008
December	1,301,804,342	657,496,742	1,293,007,488

In respect to deposits which increased so steadily during much of the year Sir Henry Drayton, Minister of Finance, in his Budget speech of May 18, pointed out that the ratio of increase was very similar to that of other countries and was an inevitable accompaniment of inflated currency and credits: "Our total deposits on 31st March, 1914, amounted to $991,734,246, and on the 31st March, 1920, amounted to $1,855,131,598, an increase of 87 per cent. In England, according to Rt. Hon. Mr. McKenna, Bank deposits increased 115 per cent. from 1914 to 1919, while in the United States an increase of 80 per cent. in total deposits occurred between 1914 and 1919." The decline in loans commenced in the very month when the greatest demand of the year—the moving of the Western crops—had eased up and it continued in steadily-growing ratio into the new year.

Meanwhile, the Banks had been holding their own fairly well as to gold reserves—especially in comparison with the United States and its huge addition of $1,000,000,000 to its national stock of gold between 1914 and 1920. On Dec. 31, 1914, the Dominion Government, the Canadian Banks and the Central Gold Reserve held $156,300,000 in gold, on Dec. 31, 1918, they held $203,700,000, and on Aug. 31, 1920, $186,000,000; at these specific dates the notes of Government and Banks in circulation totalled, respectively, $263,200,000, $429,500,000 and $427,800,000 or, roughly, a percentage in gold to notes of 59 per cent., 47 per cent., and 43 per cent., respectively. The proportion in the United States of gold to notes at these dates was, respectively, 66 per cent., 64 per cent., and 53 per cent. The general expansion of Banking business before and after the War, may be seen from the fact that 22 Canadian centres had, in 1913, Bank clearings of $9,200,163,181; that 27 such centres in 1918 had a total of $13,776,332,726 and in 1919 $16,701,279,382; that 28 cities in 1920 had clearings of $20,283,556,305. The actual progress before and after the War may be seen at a glance from the following table of conditions as at Dec. 31, in each year:

Chartered Banks	1910	1913	1918	1919	1920
Capital Paid up..........	$ 99,676,093	$ 114 809 297	$ 109,492,397	$ 119,199,441	$ 128,066,769
Reserve Fund..............	83,965,869	112,118,016	111,015,825	124,712,670	133,048,505
Notes in Circulation....	187,694,840	108,646,425	224,501,117	232,486,734	228,758,587
Deposits, Total............	926,390,749	1,141,780,610	2,146,036,972	1,360,781,302	2,445,264,999
Loans, Total	880,857,520	1,108,425,538	1,477,810,037	1,736,536,375	1,887,641,678
Total Assets..................	1,229,790,859	1,551,263,432	2,689,835,181	2,967,373,675	3,056,979,489

The Bankers and the Country. During the year bankers were consistent in public and private in warning the people that a change was impending and then, in part, as to its character. Addressing the annual meeting of the Dominion Bank on Jan. 28, Sir Edmund Osler the President, declared that the future should cause anxiety despite current conditions of prosperity. He estimated that from 50 to 75 millions of dollars lent by Great Britain to Canadian Mortgage and Loan Companies would, under current conditions of exchange, be recalled and no further present investments from that source be possible. J. L. Clarke, Manager of the Rural Department of the Merchants' Bank of Canada, told the Regina *Leader* on Mch. 31 that D. C. Macarow, the General Manager, had recently issued a warning against any free extension of credits as money would tighten up within a short time; the Bank, Mr. Clarke added, would continue to make advances to its farmer customers for ordinary farm needs, but would advise against the undertaking of any large programmes of business extension. In April, several large Banks raised the rate on call loans, with a view to checking speculation and Bank officials were inclined to forsee a general increase of rates by the autumn.

At Toronto on May 26, Peleg Howland, President of the Imperial Bank of Canada, pointed to the increasing Government and railway expenditures, expanding lumber interests and industries and rising wages and declared that, "sooner or later, we must have a reaction". Mr. Macarow, in addressing the Merchants' Bank shareholders on June 2, stated the Bank policy of the moment: "Legitimate productive enterprises are being fostered and encouraged fairly, while at the same time a firmly restraining hand is held upon unproductive, non-essential and speculative undertakings." The process of deflation was hardly yet in action though there was a clear trend in that direction. In an address at Edmonton on June 4, H. B. Mackenzie, Assistant General Manager, Bank of Montreal, declared that : "Bankers in the United States and Canada have now adopted a uniform policy of putting a stop to the further expansion of credits and confining advances to the actual requirements of the business of the borrower. Those desirous of still further extending their business on borrowed money now meet with no encouragement. This policy is believed to be not only in the best interest of the borrower and lender, but also necessary from a national standpoint as a first step in the return to more stable business conditions."

In August money tightened greatly and credits were restricted, but, as in the next three months there would be enormous demands to handle crops, dairy, meat and other products, there was nothing exceptional in this condition. By November, when deflation was in full swing, C. A. Bogert, of the Dominion Bank, declared, on the 11th of that month, that many commercial re-adjustments would have to be made, and, that those engaged in lines of business holding merchandise which was depreciating in value with falling prices, would have to draw on their reserves; merchants in some lines of business would have to take losses. By this time the Banks were everywhere restricting credits to the wholesale trade and the manufacturing interests; stocks in hand were being depleted, prices lowered and production lessened; the retailers, however, were still the crux of the situation and where they required credits they were, in most cases, carried by the wholesalers and manufacturers and not directly by the banks. The result was that they still, in the main, held their stocks at a high range of prices and showed no inclination to accept a loss or to, as yet, meet the inevitable issue of the future. On Dec. 6, Sir Vincent Meredith, President of the Bank of Montreal reviewed the situation and told his shareholders that, despite world conditions and reaction, "Canada is well buttressed on many sides, and the exercise of prudence and sagacity should enable her to meet the shock of falling prices, restricted credits and deflated currency, without serious impairment of her commercial and financial vitality."

Meantime, there were specific banking conditions which must be recorded. The Bank of Montreal increased its capitilization during the year by $2,000,000. the Royal Bank of Canada by $3,400,000, the Merchants' Bank of Canada by $2,100,000, La Provinciale by $1,000,000, and the Bank of Hamilton by $1,000,000. At the beginning of the year (Jan. 31), the three great Banks stood in order of Assets as follows: Bank of Montreal, $529,946,205; the Royal at $508,052,959, and the Commerce at $451,129,172. On May 31, the order was as follows and so remained to the close of the year: Royal $582,749,156; Montreal $559,355,640; Commerce $442,109,255. There was, during the year, a tendency to lower selling values in Bank stocks—though the actual yield was higher—and between the closing price of 1919 and that of Oct. 2, 1920, according to Toronto *Globe* quotations, the figures of change ran as follows: Commerce 196 to 174; Dominion 203 to 196; Hamilton 191 to 177; Montreal 208 to 192; Nova Scotia 270 to 245; Royal 214 to 204; Merchants, 190 to 176; Imperial 196 to 190. The taxation of the Banks remained about the same and between 1915 and 1919 stood at $1,032,334 and $1,150,898 respectively, with a total for the whole period of $5,523,142. Their Profits during the the varying Bank years of 1919 and 1920 were as follows:

Profits	1919	1920	Profits	1919	1920
Royal	$3,423,264	$4,253,649	Imperial	$1,247,516	$1,379,318
Montreal	3,314,227	4,033,995	Merchants'	1,383,569	1,686,156
Union	824,174	932,256	Nationale	533,450	567,372
Hochelaga	611,105	649,739	Nova Scotia	2,057,362	1,925,478
Commerce	3,074,892	3,306,243	Provinciale	434,594	333,882
Molsons	818,802	822,718	Toronto	1,011,359	1,017,371
Dominion	1,086,498	1,169,703	Standard	697,443	776,310
Hamilton	571,226	847,104	Sterling	213,632	251,346
Home	238,753	268,894	Weyburn	74,343	62,220

The branches of Canadian Banks on Nov. 1st, 1914, numbered 3,225 and, despite the care as to expansion during the War period, rose to 4,442 in November, 1919; in November, 1920, they numbered 4,856. The 18 Banks of Canada were thus able to keep in touch with every national interest and every section of the country; at critical periods they had the immense advantage of being able to feel the pulse of the whole people, to know the exact condition of public affairs and of commercial, industrial and other interests. One natural result of this was the undoubted national value of the Addresses given by Bank Presidents and general managers at their annual meetings when they reviewed the Canadian situation with such accuracy and certainty*. By Provinces these branches, at the close of 1920, numbered 1,531 in Ontario; 1,125 in Quebec; 329 in the Maritimes; 339 in Manitoba; 431 in Alberta; 597 in Saskatchewan; 241 in British Columbia and the Yukon. During 1920 the Dominion Bank opened 20 branches and closed 2; the Royal opened 93 and closed 7; the Toronto opened 3 and closed 2; the Montreal opened 17 and closed 3; the Molsons opened 10 and closed none; the Hamilton opened 12 and closed one; the Sterling opened 14 and closed none; La Banque Nationale opened 3 branches and 25 agencies and closed 2, while several agencies were transformed into branches; the Imperial opened 24 and closed 2; the Commerce opened 33 and closed 5; La Banque d'Hochelga opened 22 and closed none; the Home opened 10 and closed one; the Merchants' opened 18 branches and 18 sub-branches and closed 2 of the former and 7 of the latter; La Banque Provinciale opened 5 branches and 27 sub-agencies and closed one of the latter but no branches.

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*Note.—For full reports as to the Montreal, Commerce, Royal, Merchants' and Dominion in this year, see the Supplement to this volume.

Banking incidents of the year included an important change in the relations of the Canadian Bank of Commerce with the West through its appointment of a special Superintendent of Branches for Alberta and the Peace River, with headquarters at Calgary, and a Superintendent of Branches for Manitoba and Saskatchewan with headquarters at Winnipeg as a result of the retirement of Vere C. Brown from his post of Western Superintendent of Branches for the Commerce—upon selection by the National City Bank of New York as an Executive Manager of that great institution; the annual Reports of the Montreal District and City Bank and the Caisse d'Economie de Notre Dame— which did not appear as Chartered Banks—with total assets on July 31, in the former case, of $46,962,161 and in the latter of $13,039,184, with also, total deposits for the two institutions of $53,739,441; the arrangment by McGill University for a special series of 15 lectures on financial and banking topics which were open to those recommended as suitable students by the management of any Bank in Montreal; the publication by the Royal Bank of Canada of a handsome volume reviewing its 50 years of progress between 1869 and 1919, and the issue for the first time by the Canadian Bank of Commerce of a *Year Book for 1920* consisting of its important annual reports regarding Provincial and international conditions—prepared by selected officers and agents of the Bank at home and abroad.

A Banking matter which attracted some public attention at the close of the year was the action of the Corporation Agencies, Ltd., for $209,028 against the Home Bank of Canada. The first hearing was held at Montreal before Mr. Justice Maclennan of the Superior Court on Dec. 21. Action was taken by C. H. Cahan, K.C., a well-known and wealthy Montreal lawyer associated with the Corporation mentioned, to recover this sum as part of a large amount of which his son, C. H. Cahan, Jr., was alleged to have defrauded his father in the latter's absence abroad. He was charged with the fraudulent use of powers of attorney in connection with this particular corporation and with various other companies through a system of withdrawals from deposits in different Banks. It was claimed, in respect to the sum specified above, that the Home Bank should not have made the particular payments involved; the young man concerned and the Secretary-Treasurer of this particular Company had both left the country about a year before the trial. Evidence showed that large sums had also been taken under the same powers of attorney from the Guaranty Trust of New York and the Bank of Montreal at Montreal and at New York. Mr. Cahan testified that when leaving New York for England he had entrusted to his only son and expected successor in his business, the task of attending to his financial affairs by giving him a power of attorney to withdraw his monies from banks and financial institutions. The Home Bank, through Aimé Geoffrion, K.C., contended that it was a purchaser, in good faith, of the cheques which formed the basis of the action; that young Cahan's authority to sign the cheques of the Corporation plaintiff were to be found in the Corporation's by-laws; that the Bank had proof of Cahan, senior's confidence in his son, and that Cahan, senior was virtually the real plaintiff in the present instance. Eugene Lafleur, K.C., acted for the Company, claimed that what constituted a legal warning as to something being wrong had been given the defendant Bank and contended that the Company plaintiff did not authorize his agent by a power of attorney to transfer to himself the property of the Company.*

Other incidents of the year included the appointment of Sir John Aird as Vice-President of the Commerce while retaining his post of General Manager; the increase of the dividend of La Banque Nationale from 10 to 12 per cent.; the appointment of Rt. Hon. Sir Thomas, White, K.C.M.G., as a Vice-President of the Commerce, and of A. H. Walker, General Manager of the Sterling, as a Director of the latter Bank; a report of the Bank of Hamilton showing earnings on average capital of 19·32 per cent., on combined capital and reserve of 9·75 per cent., and a distribution of profits to shareholders totalling 13 per cent.; an increase in both the Capital and the Rest of the Bank of Montreal from $20,000,000 to $22,000,000 which put this institution at the head, in these respects, of Canadian banks—a total of $44,000,000 compared with (November) $40,268,020 for the Royal and $30,000,000 for the Commerce; the appointment of Sir Lomer Gouin, K.C.M.G., recently Prime Minister of Quebec and General Sir Arthur Currie, Principal of McGill University, as Directors of the Bank of Montreal; the showing by the Dominion, on the verge of its 50th Anniversary, of deposits totalling $104,941,256 compared with its 1871 total of $1,057,150 and assets of $139,263,093 compared with $2,541,583 in its first year.

Banking Appointments of 1920

Bank	Position	Name	Place
Commerce	Superintendent of Branches—Manitoba and Saskatchewan	C. W. Rowley	Winnipeg
"	Superintendent of Branches—Alberta and Peace River	J. B. Corbet	Calgary
"	Local Manager	C. G. K. Nourse	Winnipeg
"	Local Manager	A. W. Maybee	Calgary
"	Local Manager	H. C. Morris	Edmonton
"	Local Manager	F. M. Gibson	Havana, Cuba
"	Local Manager	Crawford Gordon	Kingston—Jamacia
"	Local Manager	R. M. Watson	Bridgetown, Barbadoes
"	Local Manager	A. C. Stevens	Seattle, U. S.
"	Local Manager	D. G. Kennedy	Sault Ste.Marie
"	Local Manager	D. H. Gordon	Regina
"	Director	Sir Alex. Mackenzie, K. B. E	Rio de Janerio
Imperial	Vice-President	Dr. W. Hamilton Merritt	St. Catharines
"	Assistant General Manager	A. E. Phipps	Toronto
Nationale	Director	Adjutor Rivard, K. C	Montreal
"	Director	A. B. Dupuis	Quebec
"	Assistant General Manager	Eugene G. Audet	Quebec
"	Local Manager	F. A. Gauthier	Quebec
Dominion	Assistant General Manager	W. K. Pearce	Toronto
"	Assistant General Manager	F. L. Patton	Winnipeg
"	Superintendent of Branches	E. A. Begg	Toronto
"	Chief Inspector	W. C. MacAgy	Toronto

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*Note.—Early in 1921 judgment was given against the Bank and appeal taken to a higher Court.

Bank	Position	Name	Place
Union	Vice-President	W. R. Allan	Winnipeg
"	Vice-President	Stephen Haas	Toronto
"	Director	G. Montague Black	Winnipeg
"	Assistant Manager	H. C. Samis	Toronto
Union	Inspector of Branch Returns	Arthur Dunbar	Toronto
Standard	Director	Robert Gray	Chatham..
Novia Scotia	Local Manager	E. C. Macleod	London, Eng.
Hochelaga	Manager of Publicity	H. G. Gauthier	Montreal
Commerce	Director	T. A. Russell	Toronto
"	Director	J. A. Richardson	Kingston
Merchants	Director	John Baillie	Montreal
"	Director	Norman J. Dawes	Montreal
"	Director	Ross H. McMaster	Montreal
"	Vice-President	F. Howard Wilson	Montreal
"	Local Manager	W. J. Finucan	Montreal
"	Local Manager	H. W. Nesbitt	Winnipeg

Expansion of Canadian Banks Abroad. An outstanding development of the year or, rather, a continued development, was the expansion of Canadian Banks abroad and the establishment of branches in various Empire and international centres. British Banks had long had agents or correspondents in every financial centre of the world; the United States had in recent years, chiefly through the National City Bank and International Banking Corporation, many branches abroad—the former 51 and the latter 28 at the beginning of 1920; at this time Canadian banks had large interests and many branches in England and the United States, Spain and France, Newfoundland, South America, Central America, Cuba and the West Indies. The first Canadian institution to open in the United States had been the Bank of Montreal, in 1855, at New York, and in 1862 at Chicago; the British North America opened at San Francisco in 1864 and the Canadian Bank of Commerce at Chicago in 1875; these and other Banks followed with quite a number of American branches and by the year under review Canada was a powerful figure in Wall Street, with strong agencies of the Montreal, Commerce, Royal, Dominion, Merchants, Nova Scotia, Union, etc., and several conspicuous buildings. This situation was further marked by the Royal's acquisition of the Merchants' National Bank, the Standard's affiliation with the American Foreign Banking Association, and the Union's part in organizing the Park-Union Foreign Banking Corporation, with branches in Japan, China, and France.

The Royal Bank was foremost in expansion amongst Southern countries—especially in the West Indies, Cuba and South and Central America. It was, in fact, the pioneer in this direction and commenced at Havana in 1898. During 1917, four branches of the Royal had been opened in Venezuela, 5 in the Dominican Republic and 7 in the West Indies, including Haiti, Martinique, and Gaudaloupe; in 1918 a branch was opened at Barcelona, Spain; in 1919 branches began operations at Rio de Janeiro, Buenos Aires and Monte Video. By 1920 the Royal had 47 brances in Cuba, 6 in Dominica, 3 in Porto Rico, 2 in Guadaloupe and in Martinique, 4 in Venezuela and many in the British West Indies and South America. At the annual meeting in January, Mr. Pease pointed out that the Bank's deposits throughout the West Indies and Central and South America largely exceeded commercial loans at those points. Meanwhile, the Nationale, Union, Montreal and Royal had opened at Paris; the Commerce had formed association with the British Italian Corporation and, with the Montreal, had entered Mexico; the Nova Scotia had extensive connections in Cuba and 14 branches in the West Indies; the Montreal, Commerce, Royal, Union and Dominion had branches in London and the Royal, in 1919, sold a large block of its stock to a great British Bank—the London County, Westminster and Parr's and there were, at this time, 40 branches of Canadian Banks in Newfoundland.

During 1920, this growth was further extended. The Bank of Montreal acquired a substantial interest in the Colonial Bank which was controlled by Barclay's of London—an institution having 1,400 branches, and assets of $1,000,000,000—and which operated extensively throughout the West Indies, British Guiana, South America and the West Coast of Africa. This method of foreign expansion was preferred by the Montreal, wherever possible, to the establishment of direct branches; G. C. Cassels, Manager in London of the Montreal, was appointed to the Board of the Colonial; the National Bank of South Africa at the same time obtained an interest in the Colonial, and thus there was affected a combination of British, South African, West African, Canadian and West Indian business interests. The Royal Bank, during this year, extended its business in Spain and, by special equipment for promoting trade and business between Spain and the Spanish-American countries so vital to her trade and interests, had pronounced success. The Commerce in this year also expanded largely in southern countries and opened branches at Havana, Cuba; Port of Spain, Trinidad; Kingston, Jamaica; Bridgetown, Barbadoes; Rio de Janeiro, Brazil.

The Merchants opened a branch in London, England, and moved into a building of its own in Wall Street, New York, and the Nova Scotia opened in London and established several branches in the Republic of San Domingo; the Royal founded intimate relations, early in the year, with the newly-formed First Federal Foreign Banking Corporation of New York, and R. E. Jones, lately agent of the Royal in New York, with J. E. Aldred, of Montreal, joined the Board—at the same time, F. T. Walker, agent of the Royal at New York, became a Director of the New Overseas Securities Corporation, capitalized at $5,000,000. The Dominion, in 1919, had formed close relations with the British Overseas Bank and S. L. Jones, London Manager of the former, held a place on its Governing Council of which Viscount Churchill was head; in 1920 the business of the Overseas Bank greatly increased and at the close of the year other institutions associated with it and the Dominion Bank were the Anglo-South American Bank; Glyn, Mills, Currie and Co.; Charles Hoare and Co.; Imperial Ottoman Bank; Northern Banking Company; Union Bank of Scotland; William Deacon's Bank. A collateral result of these Canadian banking developments was an experience and trained capacity amongst Canadian bankers which made them sought for by United States institutions. Some of the financial leaders of the United States, who had come from Canada and won their chief experience in the employ of Canadian Banks were, at this time, Archibald Kains, T. Fred. Aspden, R. E. Jones, E. J. Schilling of New York; J. B. Forgan and D. R. Forgan, Alex. Robertson and J. M. McCurrach, H. G. P. Deans and John H. Reid of Chicago; J. Gamble Geddes of Cleveland, President Ballantyne of the Commonwealth Bank of Detroit, and there were many others.

The Banks and the Farmers. An important phase of Canadian banking in 1920 was its association with Canadian farmers. The general tendency of Socialism, everywhere, at this time was to profess great contempt and hatred for all Banks; in Canada, Mrs. Rose Henderson, a well-known extremist from Montreal, told a Toronto audience on Mch. 8 that Bankers and money trusts were responsible for most of the present and past evils in the world and that they now ruled Governments and politics alike. The Canadian farm organizations, even where influenced by Socialistic tendencies, did not go to extremes though they were inclined to charge the Banks with not doing their share in Western agricultural development. This subject had been discussed in various forms for years and Vere C. Brown of the Commerce made a specialty, while in the West, of defending the Banks and their relations with agricultural interests. Manitoba's legislation of 1920 giving Rural Credit Societies power to receive deposits, because the Banks would not continue lending them money at the rate of 6 per cent., revived the whole discussion. Practically, the Provincial Government, through these Societies, assumed certain banking powers; the Canadian Bankers' Association protested vigorously and pointed out that "if it is the policy of the Rural Credit Societies to compete with the Banks for the business of well-to-do farmers, they can offer no objection," but "it would be quite out of the question to expect the Banks to supply the Societies with their loanable funds at a rate below the value of money."

It was stated about this time that in the 12 months ending May 31 Canadian Banks had increased their loans to farmers by $278,000,000 and that it was not unusual for country branches in the West to have one-half or a million dollars outstanding in loans; J. P. Bell, General Manager of the Bank of Hamilton, wrote a letter on June 1st, stating that for the year ending Mch. 31, last, the branches of this Bank made 31,644 loans to farmers, aggregating $12,600,000, of which, in the West, 86 branches loaned over $9,300,000;tributes were freely paid to the well-known services of the Banks in their yearly movement of Western crops and John Ward, a writer in the *Grain Growers' Guide*, early in October, joined in this approval at some length. Of late years, it may be added, the Banks had given most of their Western Managers liberty to lend to individual farmers up to $2,000 or $5,000 without reference to headquarters; most of the large Banks had Western Superintendents and Inspectors and Boards of Directors; many western branches were kept in existence simply as conveniences to borrowing customers and for the yearly shipment of grain. Misconception as to profits of the Banks continued, however, in the West, and could only be met by such facts as that nine of the chief Banks, with assets of $2,503,000,000 and capital and reserves of $197,700,000 made, in 1919, only $17,482,000 in profits—that, further, the earnings of 11 Banks in that year averaged 8·84 per cent. on combined capital and reserves.

But the agitation for Government, Provincial, local or farmers' banks grew stronger for a time; the Government of British Columbia announced its intention of establishing a Provincial Bank "to keep the money of the people in the Province"; the Great West Bank project was started at Regina, obtained a Dominion charter, elected as Provincial Directors Alderman J. K. McInnis, Mayor James Grassick, Wm. Thompson, physician, J. W. Brown, retired farmer, George Speers, undertaker, H. Black, contractor, Hugh Armour, farmer, Andrew Dalgarno, retired farmer of Moose Jaw, and F. S. Wilbur, financial agent of Creelman; a projected Bank of Alberta sought and obtained a Charter at Ottawa. Other Banking incidents of the year included a continued development of the Bank letter-of-credit system, under which the total liability in respect to these trading and financial documents, had increased from $9,377,150 in January, 1917, to $20,781,228 in January, 1918, $33,698,463 in January, 1919 and $47,635,099 in October, 1920; the new methods of publicity adopted by some of the Banks and illustrated, particularly, during this year, by the valuable monthly Commercial Letters issued by the Commerce, Royal and Merchants, the Bank *Monthly* published as a sort of house-organ by several institutions—notably the Home Bank—and the Booklets issued as to special topics of public and financial importance, by the Union, Commerce, and Montreal; the fact that Bank circulation rose steadily in 1920 despite contraction of credits and developing depression—$227,597,808 in October, 1918, $236,477,479 in October, 1919, and $249,165,707 in October, 1920.

During the Budget debates of the year in Parliament, there also were occasional hostile references to the Banks and some attacks upon them as a great alleged monoply. The West produced some of these criticisms but the strongest statement was probably that of W. A. Kennedy of North Essex on May 31, which he concluded as follows: "My thought is that the time has arrived when the Government should control the Banks instead, of as at present, the Banks controlling the Government, and the very first step in this direction should be an insistence on the part of the Government that the Banks increase the rate of interest to depositors." The country as a whole, however, appeared contented with its Banking system; speakers and press alike, frequently referred to it with pride.

Canadian Insurance Interests and Conditions of 1920.

Life Insurance has always been popular in Canada. The thrifty regard it as an investment, the fearful look to it as a protection, the weak find in it an element of strength, the unfortunate in business use it as a staff and a safeguard, the adventurous employ it as a pawn to fortune, the independent in spirit find it a means to independence in practice. To all it has been a provision, in times of prosperity, against disaster in days of depression or death; war, like peace, found a continuous increase in the Canadian purchase of Life Insurance and an expansion in other forms and applications of the principle. Starting in 1847 with the Canada Life, going on with the Mutual of Canada in 1870, the Sun Life and Confederation Life in 1871, the London Life in 1874, the North American Life and Temperance and General in 1884, and developing through the formation of the Manufacturers' Life—with which the two last-mentioned Companies amalgamated in 1887—others came such as the Great West, the Excelsior, the Dominion Life, the Northern, the Imperial, into the completion of the great national institution of 1920.

As an institution it held money accumulations which enabled it to help, during the War, by taking $235,114,150 of Canadian National Loans; it possessed, as the year began, $2,187,883,396 of business in force or $243 for every man, woman and child in the Dominion. The net increase in business, within Canada, was $402,000,000 in the calendar year of 1919; the net premium income was $74,707,244 or an increase of $13,000,000 and divided in the proportion of $47,127,406 to Canadian Companies, $2,201,462 to British Companies and $25,378,376 to American Companies; the new business of the year within Canada was $517,863,639 and the net losses of the year $17,969,325; the percentage of losses to premiums was 41·67 against 53·84 in 1918. The amount at risk had grown from $35,680,072 in 1869 to $431,069,846 in 1900 and from $1,311,616,677 in 1915 to the 2,187 millions of 1919. Business, also, had expanded greatly in these years outside of Canada and especially in 1919; some Companies, such as the Sun Life, had made a specialty of operation in other countries; the total in force outside of Canada was, in 1919, $349,430,461, the net premium income was $17,307,075, the new business of the year $46,893,922. The death claims, matured endowments and disability claims of 1919 within Canada were $28,058,882 and without Canada $5,744,164.

The year 1920 saw a similar progression in Canadian Life Insurance; the official figures of the year were not available at the time of writing but, according to G. Cecil Moore, Assistant General Manager of the Imperial Life,* there was, during the first six months of 1920, a considerable increase over even the unprecedented amount of new business secured in the corresponding months of 1919 while, during the remainder of the year, the high average writing of 1919 was at least maintained. The war had been an object lesson to the public in the value of Insurance and at this stage statistics were published showing that $12,695,902 of extra claims due to the War had been paid and $20,353,638 more due to the Influenza epidemic. Mr. Moore's estimate of the new business done in 1920 was $625,000,000 or an increase of 20 per cent. in the year; the total in claims, dividends, matured policies, etc., paid out by Life Companies in Canada to date was placed at $600,000,000;

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*Note. Toronto *Globe*, Jan. 3rd, 1921.

in addition, they had by 1920 accumluated, mostly from past premium and investment earnings, and practically all placed in Canadian securities, a total of $550,000,000—standing to the credit of policy holders, in the main, and representing a sort of accumulated sinking fund on the Insurance in force.

Insurance Meetings of the Year. The Life Underwriters' Association of Canada held its 14th annual Convention at Ottawa on Aug. 18-20 with E. S. Miller of Regina in the chair and addresses by T. J. Patton, Vice-President for Ontario, and C. C. Garvin, Vice-President for Quebec, in response to the welcome offered by Mayor Fisher of the capital. J. B. Hall, Chairman of the Executive, dealt with Soldiers' insurance, educational courses, taxation and similar subjects of interest; J. H. C. Graham, General Secretary, stated a membership of 1927 with 41 Local Associations reporting. The report as to legislation expressed dissatisfaction with the proposed Federal licensing law unless Provincial licenses were abolished; advised a campaign to obtain redress from some of the numerous taxes levied on both Companies and agents by Provincial Governments and municipalities; stated there was in Manitoba a movement afoot to license agents and that in the same Province the Association had prevented the inclusion of Life Insurance Companies' employees under the Workmen's Compensation Act. F. T. Stanford, Chairman of the Publicity Committee, reported as to the proposed system of institutional advertising.

A number of valuable papers were read and an address given by J. Stanley Edwards, President of the U. S. National Life Underwriters, who spoke emphatically as to taxation upon Life insurance: "It is a taxation on thrift, it is unscientific, it is immoral." He declared that the Life insurance business was the only one free from profiteering and pointed out that pre-war rates and premiums still were in force and that the agents received the same percentage as formerly. O. B. Shortley of Toronto was elected President and amongst the general subjects discussed by the Convention were Industrial insurance, the experiment of Group insurance, which had started in the United States in 1912 and was finding a place in Canada, the plan of Income insurance. John Cowan, of the Toronto General Trusts, dealt elaborately with Succession duties in relation to Insurance; at the annual Dinner, Haley Fiske, President of the Metropolitan Life, New York, and Sir George E. Foster spoke.

Concurrently with this meeting, the Canadian Association of Life Agency Officers was organized and a constitution drafted based upon that of the similar Association in the United States. Phillip Burnet, President of the Continental Life of Wilmington, Delaware, spoke and the objects of the new Society were declared to be the consideration and interchange of opinion upon matters pertaining to betterment of Life insurance, in its selling department, improvement in the quality of men who entered the business and elimination of those who brought discredit to it, a study of methods of selection and training of Life insurance salesman, and the conservation of business once placed on the books. A. Gordon Ramsay, Toronto, was elected President and C. E. Robertson, Secretary. At the 14th annual Convention of the Association of Life Insurance Presidents, held at New York on Dec. 9-10, T. B. Macaulay of the Sun Life of Canada spoke on Canadian Life Insurance and many eminent insurance men of the United States took part in the proceedings. An important local body was the Insurance Institute of Toronto which met on May 24 and elected J. B. McKechnie of the Manufacturers' Life as President in succession to H. W. Crossin.

The Insurance Federation of British Columbia at its annual meeting of June 9, elected A. Z. de Long, President and the retiring officer, William Thompson, described the year as a very strenuous one with much time spent in fighting threatened Provincial legislation adverse to the interest of the Insurance companies as well as to the public. The results were described as, on the whole, satisfactory and the abandonment of the Government state health insurance legislation at the past session of the Legislature as being, in large measure, due to these efforts. During the following discussions it was stated that unlicensed companies had done $300,000,000 worth of business in Canada during 1919 and it had been suggested that the Federal authorities might tax these companies 15 per cent. on net premium income, but to this strong objection was expressed.

An important matter of the year was the Federal legislation and establishment of a system of State insurance for returned soldiers—the Act passing into law on June 23. Those eligible for insurance under its provisions were returned soldiers and widows of returned soldiers who had died after retirement, or honourable discharge from service and before the expiration of 12 months from the coming into force of the Act on Sept. 1st, 1920. The term "returned soldier" was defined in the Act as any person, male or female, who had served in the naval, military or air forces of Canada in the Great War, or, having been domiciled and resident in Canada on August 4, 1914 had served in any of His Majesty's naval, military or air forces abroad in the said War; or in the naval, military or air forces of one of His Majesty's Allies or Associated Powers in the Great War; and who had been retired or obtained honourable discharge therefrom. Any such returned soldier or widow of a returned soldier could insure with the Government on the whole life or limited payment life plans for $500 or any multiple of $500 up to a maximum of $5,000 to be payable at death to a beneficiary named by the insured, who must be the wife, husband, child, grandchild, parent, brother or sister of the beneficiary. The payment of the Insurance proceeds was to be one-fifth of the amount in a lump sum and the remaining four-fifths applied at the option of the insured—either as a life annuity, or as an annuity certain for 5, 10, 15 or 20 years, or as an annuity guaranteed for 5, 10, 15 or 20 years and as long thereafter as the beneficiary should live. By Oct. 14, Insurance to the amount of nearly $1,600,000 had been issued by the Government with about $15,000 received in premiums. There were various conditions and technical regulations and the specimen monthly premium rates under these plans, for $1,000 of insurance, were as follows:

PLAN AT AGE	18	20	25	30	35
Whole Plan	$ 1.04	$ 1.08	$ 1.24	$ 1.44	$ 1.70
Limited Payment (10 years)	2.48	2.56	2.86	3.18	3.58
Limited Payment (15 years)	1.82	1.90	2.10	2.38	2.68
Limited Payment (20 years)	1.54	1.58	1.76	1.96	2.26
To age 65	1.08	1.12	1.30	1.54	1.86
Single Premium	237.72	246.92	273.12	304.30	340.98

Evolution of Group Insurance. An interesting development of this time was that of Group insurance—a scheme or method which had been in operation in the United States for about 8 years. It was not until the close of 1919, however, that the Superintendent of Insurance at Ottawa had given a definite ruling that this form of insurance could be written in Canada; following this, during 1920, four of the leading Canadian companies availed themselves of the privilege and in a few months of the year 250 employers of labour adopted this new means of fulfilling obligations to employees. There were three general plans of Insurance under this scheme adopted by Canadian firms. One provided a flat amount for each employee, say $1,000, or (2) an amount based on the man's salary and increasing as his salary increased or (3) a policy varying according to length of service. The latter was the more popular and was adopted by the majority of industrial firms interested. The contracts were made to suit the requirement of the individual firms, but the amount of policy varied from a minimum of $500 to a maximum of $2,500 or $3,000. The form usually adopted was a yearly renewable term policy which expired for the employee when he left the service of the Company placing the insurance, but was applied as a new policy to his successor. Under it, he had the power to name his own beneficiary. The policy provided for assurance against death, and permanent and total disability before the age of 60. In the latter event the assured was entitled to the full amount of his policy. The schedule or rates imposed were usually fixed for a period of five years, at the end of which time they could be adjusted if necessary. The Sun Life issued a useful pamphlet reviewing the plan.

The reason for the designation was that a group of not less than 10 employees had to be ensured under one contract issued on a single application; the premium was payable to the Insurance Company by the employer if, or when, the employees arranged to pay a portion of the cost, and a certificate was issued outlining the protection given. When a Workmen's Compensation Act operated, there was a special clause as to the accident indemnity. The advantages were obvious. There was a lessening of expense as to commissions, age was not penalized by higher rates and there was no medical examination; there was small expense to the Company in collecting premiums, to the employer it increased the stability of labour and to the employee it provided not only against accident and death but against the average of 11 days a year lost through sickness and the six days lost, on the average, by accidents not provided for in Compensation laws.

On the other hand, Group insurance had its difficulties and, in comparison with ordinary Life insurance, its disadvantages. It was dependent upon employment and, therefore, uncertain in its term; it conveyed no right of renewal on either side if the contract of service between employer and employed was broken; the nature of the business for whose employees insurance was desired became a serious matter, because the average health of the Group was vital; it was easier to arrange and apply in the case of large employers of labour than in small concerns. The risk of death, however, was lessened by the fact of change in employees and the fact of reasonable health being necessary to do reasonable work, and therefore, to retain employment. Rates at this stage were still subject to change but United States experience was gradually bringing them to a settled basis. It slowly became clear, also, that if this form of insurance promoted stability of employment and the development of experience and efficiency, encouraged marriage amongst the men and promoted steadiness and loyalty, it would soon more than repay the employer for his expenditure.

By the middle of 1920 the following Insurance Companies in Canada had taken up this Group system or plan: Canada Life Assurance Co., Great West Life, London Life, Manufacturers' Life, the Sun Life, Ætna Life Insurance Co., Equitable Life, Metropolitan Life, Prudential Insurance Co., and the Travellers'. One of these Companies during March issued Group insurance for Lachance and Tanguay, Quebec, 109 employees, $108,000; for the Colonial Weaving Co., Ltd., Peterborough, Ont., 81 employees, $49,000; for the Hercules Garment Co., Montreal, 147 employees, $76,000; and for D. E. Black and Co., Ltd., Calgary, 62 employees, $114,000. Another Company took the employees of the B. C. Electric Railway for $1,000 each and the 1,800 employees of the Consolidated Mining and Smelting Co., Trail, B. C. Late in the year the Moose Jaw City Council decided to insure all employees of the City at from $500 to $1,500 at a cost of $2,749 per annum. There was, at the close of 1919, $11,400,554 of Group insurance in force. Accident Insurance in Canada did not seem to regard this system as dangerously competitive; the Dominion of Canada Guarantee and Accident Co. ensured its own 60 employees as a group in the Manufacturers' Life. In 1919 the 26 Companies doing Accident business had premiums of $2,004,083 and paid claims of $735,754; the total premiums for 40 years past had been $34,514,332 and total claims paid $14,336,019.

Life Insurance Incidents of 1920. Other matters of discussion during the year included that of Agents' Licenses which was dealt with in a proposed amendment to the Insurance Act which would have given the Department at Ottawa complete control over

Insurance—including the licensing, supervision and control of Agents which had hitherto been left to the Provincial Governments. The Resolutions passed by the Saskatchewan Life Underwriters' Association at its Regina meeting of Apr. 8 declared (1) that the question of agency and license should be left entirely in the hands of the Provinces and (2) that the time had arrived when blanket licenses should not include authority to write life insurance and that, in future, life insurance agents should be specifically authorized as such and be required to produce authority from the Company represented; objection to this legislation was also expressed by the Toronto Life Underwriters' Association. Various problems relating to Insurance were discussed at a Convention held in Winnipeg on Oct. 8 with A. E. Fisher of Regina as Chairman and representatives present from Saskatchewan, Manitoba, Ontario, Alberta and the United States. Amongst the subjects discussed were the introduction of a uniform insurance law for all the Provinces; standardization of accident and sickness contracts; preparation of statutory conditions for automobile insurance; consideration of the model Fire Insurance policy Act, drafted by R. W. Shannon, K.C., Legislative Counsel for Saskatchewan; and statutory conditions for hail insurance.

Incidents of the year affecting Life Insurance included the re-organization of the Insurance Department in Ontario, the retirement of A. R. Boswell, K.C., and appointment of V. Evan Gray M.A., L.L.B., of Ottawa as head of the Department, with Frank Sanderson, M.A., L.L.D., as Consulting Actuary to the Department; the passage of Ontario legislation by which the tax payable on gross premiums, in connection with Life policies, was reduced from 1¾ per cent. to 1¼ per cent; the growth of effort amongst American companies unlicensed in Canada, to get business through circulars and by various indirect ways and a warning from Toronto *Saturday Night* on Nov. 27 that such Companies paid no Canadian taxes, spent no money for wages in Canada or by investment in Canadian securities and could not, in their policy contracts, be brought under jurisdiction of Canadian Courts; the formation of the Ontario Equitable Life and Accident Insurance Co., with headquarters at Waterloo, S. C. Tweed, of Waterloo, as President with Frank Law, Toronto, Senator H. W. Laird, Regina, and M. A. Brown, as Vice-Presidents and a writing up of $300,000 of Life policies in its first week of operation; the publication by the Mutual Life Assurance Co. of Canada of a volume by H. J. Sims, L.L.B., describing, in short, clear and concise terms, the general principles of life insurance law, reviewing Canadian legislation to date and referring to leading cases decided in the Canadian Courts bearing on the subject.

There were, also, the decision of the Equitable Life, one of the greater Companies of the United States, with an extensive business in Canada, to discontinue writing new policies in the Dominion; the opening in Canada, under license, of a number of important American companies, including the Hartford Live Stock

Insurance Co., the Lumberman's Mutual Casualty Co., for transaction of the business of automobile insurance, the Western Mutual Life Association, the Hartford Accident and Indemnity Co., to handle accident, automobile, burglary, guarantee, live-stock, plate glass and sickness insurance; the holding at St. John on Aug. 25 of the 20th Dominion Convention of the field representatives of the Metropolitan Life Insurance Company of New York and an address by its President, Haley Fiske.

Fire Insurance in 1920. Fire Insurance figures of an official nature were not available for 1920 at the date of writing; in 1919 they showed net premiums of $40,031,474 and net losses of $16,679,355—a fire waste of nearly $200 per head of the population and, including the uninsured losses, of over $60,000 a day. It was stated that carelessness or negligence was, in factories, almost wholly responsible for this particular branch of loss; the results of these qualities were first shown, usually, in the homes where the lesser losses (economically) occurred; the careless man at home was usually careless at his work. In Ontario during these years the number of fires was as follows: 1917, 9,681; 1918, 9,740; 1919, 9,301. The amount of property burned varied greatly in this Province, being in 1917, $10,365,539; in 1918, $15,673,240; and in 1919, $9,490,478. J. B. Laidlaw, a prominent insurance man of Toronto, in an address on conflagrations, pointed out (March 11) that nearly every fire in a city, town or village might, under favourable conditons, develop into a conflagration, and the experience of the past showed that there was a fairly constant percentage of them which did so develop. The causes, were briefly as follows:

1. Absence of fire protection, or where good protection was provided, it was not available, because of a break-down of pumps or mains, or interruption of power, or disorganization of brigade.
2. Climatic conditions, usually dry weather and high winds.
3. Fire starting in a high or large building, or one with very inflammable contents, and so getting beyond the control of the fire brigade.
4. Prevalence of wooden buildings and, more especially, of wooden shingle roofs.
5. Narrow streets or lanes with opposing buildings having unprotected window openings.

Mr. Laidlaw deprecated municipal insurance as useless in conflagrations, when it was most needed, and estimated Toronto's liabilities carried by the Companies at $750,000,000; its fire loss in 1920 was estimated at $1,500,000. The net amount at risk in Canada held by Canadian Companies on Dec. 31, 1919, was $865,120,232, by British Companies $2,559,021,814 and by American Companies $1,480,254,415—total increase in the year of $380,000,000. The chief business amongst Canadian Companies was done by the British America and Western, which were under the same control, with the Mount Royal coming third; the chief British business was handled by the Royal, the Liverpool, London and Globe, the Guardian, the Commercial Union, the North British and Mercantile, the London and Lancashire, the Northern, and the Phoenix of London; the chief American business was done by the Hartford, the Home and the Insurance Company of North America.

Fire insurance incidents of the year included a conference held at Toronto (16th Dec.) between V. Evan Gray of the Provincial Insurance Department, and about 60 insurance men representing tariff and non-tariff Fire insurance Companies of Ontario, with decisions in favour of a reduction to 20 per cent. in the fees of local agents on private dwelling premiums and 15 per cent. in other classes of fire risk but with no decision reached on the question of over-riding commissions paid to the big agencies; the claim of the Regina *Post* that there was a discrimination against the West in Fire insurance rates proven by the fact that in 1919 the West paid $14,754,287 in premiums with losses of $4,747,496 or 32 per cent., while the East paid the sum of $28,974,100 with losses of $13,221,829 or 45·8 per cent.; the Privy Council decision in June against the Quebec Railway, Light, Heat and Power Co., for damage caused by wires and upon the ground that the Insurance Companies had pointed out defects and indicated where improvements for purposes of safety and fire prevention were required and the fact that where such advice was given it was the duty of Electric power-supplying companies to install such improvements; the estimate that of the $16,000,000 which, approximately, were paid as Fire insurance premiums in Ontario over $4,000,000 a year went to agents; the fact that Fire Protection movements in 1919 and 1920 made substantial progress and that in Ontario, Manitoba and Saskatchewan there was, in 1919, a consequent reduction of 40 per cent. in the loss of property values.

At the Oct. 5th annual meeting of the Ontario Fire Prevention League, George F. Lewis, Secretary-Treasurer, reported that, during the first 8 months of 1920, there were 626 fires in Ontario with losses of $7,361,380, and insurance $5,309,214. Fire losses in the United States and Canada, he said, were ten times those of European countries. Fire Marshal E. P. Heaton estimated that 80 per cent. of the fires in the Province were preventable. Arthur Hewitt was elected President; W. H. Shapley was at this time President of the Dominion Fire Protection Association.

Miscellaneous Insurance Interests. There were many other Insurance interests in Canada. Of its 30 Accident companies, 26 transacted Employers' Liability insurance and in 1919 received $2,540,148 in premiums with paid up losses of $1,561,925 and unsettled claims of $929,606—the total premiums over 17 years being $30,467,334 and total claims $15,699,371; Automobile insurance developed rapidly at this time and, in 1919, 51 companies were transacting this business (including fire risk) with premiums of $1,524,279, claims paid of $779,901 and unsettled claims $147,455 while 39 Companies carried Automobile insurance (excluding fire risk)with premiums of $1,901,704, claims of $785,507 paid and $414,354 outstanding; Burglary insurance (17 Companies) totalled premiums of $321,862 and losses paid of $113,299 with $27,747 unsettled; Explosion insurance (13 companies) included premiums of $514,808, losses paid of $1,152 and no unsettled claims: Guarantee business was carried by 21 Companies and premiums received of $1,138,882 with $310,419 paid in losses and $238,331 outstanding; Hail insurance was carried by 26 Companies with premiums of $2,712,776 and losses paid of $1,805,827 with $2,881 unsettled; Sickness insurance was carried on by 28 Companies with premiums of $1,311,890, claims paid of $872,792 and unsettled losses $192,504.

There were small amounts carried or business done in Livestock insurance, Inland Transportation, Plate Glass, Sprinkler Leakage, Steam Boiler and Tornado Insurance; one company was entitled to carry on Forgery insurance and another Title insurance, but no business was done. Combined Accident and Sickness policies brought in $950,071 in premiums with claims paid of $538,212 and unsettled ones of $84,783. The total of all premiums by these Companies was $16,208,271 and losses paid $8,190,047. Aviation insurance was hardly more than organized in 1920 though at least two American Companies and one British were authorized to carry it on in Canada; the plans included public liability, property damage, collision insurance and fire, explosion, etc., on board an aircraft, with rates running from 4 to 12 per cent. The first annual meeting of the Canadian National Safety League was held in Toronto on April 13-15 with various notable addresses and a record in the past year of $20,000 spent in distributing bulletins to factories, car companies, schools, municipal offices, fire chiefs, etc.: School competitions were held and $200 distributed for essays; 150,000 letters were written to parents asking for their co-operation; motion pictures were shown, demonstrating the prevention of accidents; 135,000 cards were issued to motorists with 101,000 industrial bulletins, 34,000 health bulletins and 140,000 electric railway bulletins.

Fraternal and Mutual Insurance. Fraternal insurance was in a class by itself with the Independent Order of Foresters as still the great Canadian organization in this respect. Its total of Benefits paid in 1920 was $4,352,935 and the new business for the year was $15,582,000 or an increase of $6,952,000 over the previous year. The Benefits paid in 1920 were $4,161,544 and the new members 16,752 with approved Benefits of $17,387,250. Fred J. Darch, who died early in 1920, was a well-known official and had been Supreme Secretary since 1913; he was succeeded by Robert Mathison who gave up the Treasurership and was replaced by George R. Cottrelle with George E. Bailey as Assistant Supreme Secretary. The Report of the Ontario Registrar of Friendly Societies for 1919 dealt with a large number of these fraternal bodies and V. Evan Gray, Superintendent of Insurance, urged that the Provincial Act be amended; (a) To make provision for more effective valuations and reports of financial status than at present existed; and (2) to prescribe regulations by which all registered friendly societies could attain full actuarial solvency within a reasonable time. In concluding his report, the Superintendent added; "I take this opportunity of expressing the confidence of the Department that Friendly Societies have well served a great purpose in the past in providing cheap insurance protection for their members and that, besides continuing to act as a most valuable agent in preserving the solidarity of society and propagating the principles of fraternalism, they will successfully pass this transition period in their insurance activities and provide a most valuable and essential Insurance protection at minimum cost." The following details from the Report were of importance.

Society	Insurance in force	Insurance in force in Ontario	Total Assets	Assets in Ontario
Chosen Friends, Canadian Order of	$ 24,749,445	$21,448,356	$ 1,330,513	$1,330,513
Commercial Travellers' Association.	5,858,715	5,858,715	1,516,837	1,516,837
Foresters, Canadian Order of	77,076,250	39,307,750	7,034,373	6,836,930
Foresters, Catholic Order of	155,097,000	8,797,000	8,636,362	....
Home Circles, Canadian Order of	6,287,802	5,891,622	835,250	835,250
Knights of Malta	78,000	78,000	15,333	15,333
Knights of Pythias	101,248,894	238,943	....	78,981
Maccabees	352,343,547	8,783,000	23,543,392	44,420
Oddfellows, Canadian Order of	2,157,770	1,983,520	285,990	280,990
Oddfellows' Relief Association	25,351,750	14,668,750	1,975,037	1,970,037
Ontario Commercial Travellers' Association	1,353,670	1,353,670	424,850	424,850
Orange Grand Lodge	4,257,000	2,981,000	157,461	157,461
Royal Arcanum	221,978,058	2,483,741	7,575,869	66,385
Royal Templars of Temperance	3,886,500	2,853,500	570,539	565,539
Sons of England	2,963,584	2,421,643	511,646	511,646
Sons of Scotland	3,037,594	2,707,844	756,085	756,085
St. Joseph Union	16,973,875	4,195,425	1,796,715	1,786,715
Ancient Order of United Workmen	11,102,213	11,102,213	1,428,005	1,428,005

Quebec in 1919 had a large business done by extra-Provincial Mutual Benefit Associations reporting assets of $91,755,270, liabilities of $4,695,069, income of $38,548,484, expenses of $33,082,702. Their death and funeral benefits totalled 1,575,389 in number and $1,574,522,117 in amount; within the Province there were 74,399 policies in force for an amount of $48,513,283, the claims paid in the Province were $1,150,885 and Income received from the Province $1,389,432. As to purely Provincial Mutual Benefit Associations, the assets officially reported were $1,962,195 and liabilities $61,722; the number of members 60,893 and the Insurance in force $16,178,211, the income was $903,846 and expenditure $786,925. The business of the Fraternal societies in the United States—of which there were many branch organizations in Canada—was very large and at the Chicago meeting of the National Fraternal Congress on Aug. 23-26 a membership of 5,537,734 was reported with disbursements for the year of $81,403,780; the Benefit and Reserve funds were stated at $209,657,927 and payments to beneficiaries in 50 years at a total of $3,500,000,000. At the 29th annual meeting of the Canadian Fraternal Association, Toronto, May 13-14, President J. B. McKillop of London criticized Group insurance but urged fraternal officers to study it; J. F. A. Brodeur of Montreal was elected President and W. F. Montague, Hamilton, Secretary-Treasurer.

G. D. Finlayson, Superintendent of Insurance at Ottawa, on July 27 issued a statement regarding these Societies in Canada and as to new legislation: "Foreign societies, heretofore operating in Canada under Provincial jurisdictions, are hereafter subject to the Insurance Act. Many of these Societies are actually insolvent. Some are not collecting adequate rates even from new members. The amendment to the Act provides that these foreign societies shall be entitled to a license thereunder provided they can furnish certificates of qualified actuaries that they are actuarially solvent. If a Society cannot furnish such a certificate, and if it has operated in Canada prior to the coming into force of the Act, provision is made for a conditional license, renewable until the year 1925—if it can establish to the satisfaction of the Department that the contributions payable by new members are sufficient to provide for the benefits promised. Such license, however, cannot be continued beyond 1925, unless the Society is by that time actuarially solvent." After giving a list of the Societies heretofore transacting business under Provincial license, he stated that the Knights of Columbus had obtained the necessary certificate and been given an unconditional license and 8 others a conditional one. The following had failed to comply with the conditions of the Act and were prohibited from soliciting new members in Canada: Brotherhood of American Yeomen, Catholic Fraternal League, Catholic Mutual Benefit Association of New York, Knights of Pythias, Modern Woodmen of America, Polish National Alliance, Scottish Clans and Women's Catholic Order of Foresters.

Insurance Appointments of 1920 in Canada

National Life	President	Albert J. Ralston	Toronto
National Life	1st Vice-President	Geo W. Beardmore	Toronto
National Life	Director	A. H. Beaton	Toronto
National Life	Gen. Man. and Secretary	Fred Sparling	Toronto
Commercial Union	Joint General Manager	T. M. E. Armstrong	Toronto
Commercial Union	Joint General Manager	Jos. Powell	Toronto
General Accident of Canada	Ass't General Manager	W. A. Barrington	Toronto
Mutual Life of Canada	President	Major Hume Cronyn, M. P.	London
Mutual Life of Canada	Director	Maj. Gen. S. C. Mewburn	Hamilton
Mutual Life of Canada	Chairman of Executive	C. M. Bowman	London
London Life	General Manager	Edward E. Reid	London
London Life	Vice-President	John G. Richter	London
London Life	Secretary	J. Stanley Lovell	London
Confederation Life	General Manager	C. S. Macdonald	London
Dominion Life	Director	Thos. Bradshaw	London
Dominion Life	Director	J. H. Gundy	Toronto
Canada Life	Assistant General Supt	A. Gordon Ramsay	Toronto
Canada Life	Assistant General Supt	A. N. Mitchell	Toronto
Monarch Life	President	W. A. Matheson	Montreal
Monarch Life	Vice-President	F. W. Adams	Montreal
Royal Insurance	Manager for Canada	J. H. Labelle	Montreal
Royal Insurance	Ontario Manager	P. J. Quinn	Toronto
North Western Life Agency	Director	J. C. Turnbull	Winnipeg
Sun Life	Director	Carl Riordon	Montreal
Atlas Assurance	Manager for Canada	R. R. Martin	Montreal
Continental Casualty	Manager for Canada	A. T. Barlow	Toronto
Western Assurance	Director	Miller Lash	Toronto
Canada Accident and Fire	Supt. of Agencies	L. A. Jones	Toronto
Mount Royal Assurance	General Manager	P. J. Perrin	Montreal
Great West Life	Director	M. F. Christie	Winnipeg
Agricultural Insurance	President	George M. Bell	Regina
Agricultural Insurance	Vice-President	Hon. C. A. Dunning	Regina
Agricultural Insurance	Sec.-Treasurer	J. H. Mitchell	Regina
Confederation Life	Vice-President	Lt.-Col. A. E. Gooderham	Toronto

AGRICULTURAL CONDITIONS
AND THE
FARMERS' MOVEMENT

Agriculture in Canada: Conditions and Production in 1920

The area in Canada suitable for successful agricultural production was stated, in 1920, to be 301,700,000 acres by the Natural Resources Intelligence Branch of the Department of Agriculture, Ottawa; of this total the three Prairie Provinces possessed 178,000,000 acres, the three Maritime Province, 16,200,000 acres, Quebec 40,000,000 and Ontario 55,000,000 acres, British Columbia 12,000,000 acres; in this year 52,830,865 acres produced, under cultivation, field crops worth $1,455,244,050. It is interesting, though perhaps not profitable, to note that if all of Canada's known fertile soil—and there was much in 1920 that still was unknown—were under cultivation it would, upon the basis of this year's production show a total value of $8,400,000,000—or half the total crop value of the United States in 1919.

Since 1915 the value of the field crops had increased from $825,370,600 to the above total of 1,455 million dollars; the estimated value of Canadian Live stock—horses, cattle, sheep and swine—in 1919 was $1,296,602,000 and in 1920 was $1,041,246,000. The reduction in values was due in part to the lower prices at the close of that year and in part to decreased numbers. In wheat, during 1920, Canada produced 263,189,300 bushels or one-third of the total production of the United States with its 100,000,000 population, double the product of all South America, three times that of Australia and one-fourth the production of all Europe. The Agricultural wealth of Canada in 1920 may be estimated as follows:

Value of Farm Lands	$2,792,229,000	Poultry and Eggs	$40,000,000
Value of Farm Implements	387,079,000	Wool Production	11,000,000
Value of Farm Buildings	927,584,000	Dairy Products	250,000,000
Farm Live-stock	1,041,246,000	Fruit and Vegetables	40,000,000
Farm Animals sold or slaughtered	180,000,000	Field Crops of 1920	1,455,244,050
Total			$7,124,382,050

In many agricultural directions there was continued progress during 1920; in others there was a change for the worse. According to official figures of the Board of Grain Commissioners for Canada, the capacity of grain stations, Elevators and warehouses in Canada had increased from 18,329,352 bushels in 1900-1 to 105,472,700 in 1910-11, 154,765,000 in 1913-14 and 226,256,970 in 1919-20; the number of stations had grown from 219 to 863 and 1,247 and 1,511 in the same years; the Elevators had expanded in number from 426 to 1909, then to 2,813 and finally to 3,797; the Warehouse system had not been continued after 1916 when it had decreased to 19 in number from 97 in 1900-1. Meanwhile, farm land values in Canada had been steadily advancing from an average per acre, according to official figures, of $35.00 in 1915, to $36.00

in 1916, $38.00 in 1917, $41.00 in 1918 and $46.00 in 1919, to $48.00 in 1920.

On the other hand, average production per acre had been decreasing. Wheat went down in bushels per acre from 26·05 in 1915 to 14·50 per acre in 1920 with an average in the six years of 14·50; oats, similarly, fell from 40·24 bushels per acre to 33·50 and an average of 32·00 bushels; the increase in acreage and increase in price saved the farmer. In this general connection it is interesting to note that, despite the marvellous fertility of Western soil, the four years from 1916 to 1920 had seen a steady reduction in yield per acre; Dr. W. J. Rutherford, C.M.G., told the Conservation Commission at its 1920 meeting, in reference to one of these Provinces, that "a scientist has recently estimated that, if we shipped away only 100 million bushels of wheat annually from Saskatchewan we would ship away fertility—nitrogen, phosphorus, and potash—with a market value of $23,560,000 not including freight." The agricultural land held in private ownership was estimated at 180,000,000 acres with a rural population (men, women and children) numbering about 4 1-2 million and averaging, for each, a holding of 40 acres or ten times the average in Northen Europe. Of farmers in Canada the usual estimate in 1920 was 1,000,000 which would make the average of land held 180 acres each.

During recent years wages, also, had been advancing and the average for farm help in 1920 was again the highest on record. For the whole of Canada, the average agricultural wage per month during the summer season of 1920 was for men $86, and for women $47, including board—the average value of which was $26 per per month for men and $20 per month for women. In 1919 the corresponding averages were: $78 for men, including board worth $24, and $43 for women, including board value, $19. For the complete year the average value of wages and board was $821 for men and $492 for women, as compared with $764 for men and $465 for women in 1919. In 1920, while the Canadian farmer had a splendid crop, his prices, toward the end of the year, went down rapidly, as did the values of his live-stock. In the latter connection, the average value per head for horses in 1920 was $106, as against $119 in 1919; for milch cows $80, as against $92; for other cattle $47, as against $58; for all cattle $59 as against $70; for sheep $10 as against $15; and for swine $23, as against $25.

As to total values, horses in 1920 stood at $361,328,000 against $435,070,000 in 1919; cattle were, respectively, $561,500,000 compared with $708,821,000; sheep were valued at $37,263,000 as against $50,402,000 and swine $81,155,000 compared with $102,309,000. The total decline in values was $255,356,000. In wool the reduction in values was very great and the average price in 1920 for unwashed wool was 22 cents as against 55 cents in 1919; washed wool was, respectively, 32 cents and 70 cents. During 1920 for the first time, the Dominion Statistician obtained reports on Farm poultry and the values for the year were, approximately, as follows:

Turkeys, $3,225,000; geese, $2,131,100; ducks $976,900; other fowls $30,683,000. The total was, therefore, $37,016.000.

Meantime, Agricultural exports for the fiscal year of Mch. 31, 1920, were much ahead of the preceding fiscal year, though they did not reach the unprecedented level of 1918 when animals and their products stood at $172,743,018 in value and agricultural products, proper, at $567,713,584. In 1919 they were, respectively, $198,598,437 and $271,110,210; in 1920 the export of animals and their produce was $258,988,010—a continued increase and record total—while agricultural products stood at $365,392,814. The total figures were, in the years mentioned, about treble the exports of the produce of Mines, Fisheries and Forests combined; in 1918 they were $100,000,000 more than the export of manufactures, in 1919 $80,000,000 less and in 1920 $220,000,000 more. In Canada, at the close of the crop year of Aug. 31, 1920, there were large stocks of grain in storage. Of these wheat totalled 2,186,500 bushels in farmers' hands, 1,603,811 bushels in terminal elevators, 4,316,527 in public elevators and 980,000 bushels in country elevators; oats included 8,735,200 bushels in farmers' hands and 1,139,929 in various elevators; barley totalled 880,900 bushels in farmers' hands and 729,001 in the elevators. Of rye there were 161,909 bushels held as against 158,851 in 1919; of flaxseed 614,915 bushels were held compared with 52,657 in 1919 and the greater part of this was in terminal elevators. As to wheat, compared with 1919, the total held in the country was 9,086,638 bushels compared with 5,454,166 in August, 1919; the total of of oats was 9,875,129 bushels against 19,279,956 and of barley 1,599,904 compared with 3,345,393.

It may be noted here that of the 263,000,000 bushels of wheat 7,896,000 bushels were lost in cleaning, 10,012,000 bushels were not merchantable, the total export was 157,032,000, the amount officially estimated, as retained for seed, was 32,375,000 bushels and the balance consumed in Canada 56,134,000. Such great crops as Canada produced in 1917-20 were fundamental to the properity of the country. Of the 1920 field crops, Greenshields & Co., the eminent brokers of Montreal, in their *Monthly Review*, for October, very truly said: "This enormous supply of grain will stimulate business activity in every artery of Canada. It means heavy traffic for the railroads and all other other agencies of transportation. Industries such as milling, livestock and dairying will be abundantly supplied with essential raw materials and, after their requirements have been met there will remain a surplus for export much above the average. It is basic and elementary, if the truth of it has been obscured in the delirium of war-time conditions, that the growth of wealth lies in the production of goods. In this harvest of ours for 1920, with its vastly increased yields, we have the true elements of real wealth as contrasted with the more or less fictitious wealth arising from high prices, based on deficient production." The detailed production of field crops in 1920 was as follows:

Field Crops	Area Acres	Yield Acre Per Bushel	Total Yield Bushels	Average Price Per Bushel	Total Value
Fall Wheat	814,133	24·00	19,369,200	$1.88	$ 36,550,500
Spring Wheat	17,418,241	14·00	243,720,100	1.60	390,806,800
Oats	15,849,928	33·50	530,709,700	.53	280,115,400
Barley	2,551,919	24·75	63,310,550	.83	52,821,400
Rye	649,654	17·50	11,306,400	1.33	15,085,650
Peas	186,348	19·00	3,528,100	2.42	8,534,300
Beans	72,163	17·50	1,265,300	3.88	4,918,100
Buckwheat	378,476	23·75	8,994,700	1.28	11,512,500
Mixed Grains	811,634	40·00	32,420,700	.90	29,236,200
Flax-seed	1,428,164	5·60	7,997,700	1.94	15,502,200
Corn (husking)	291,650	49.25	14,334,800	1.16	16,593,400
Potatoes	784,544	170·50	133,831,400	.97	129,803,300
Turnips, etc.	290,286	401·00	116,390,900	.41	48,212,700
		tons	tons	Per ton	
Hay and clover	10,379,292	1·30	13,338,700	26.10	348,166,200
Alfalfa	238,556	2·45	583,790	23.79	13,887,700
Fodder Corn	558,977	9·60	5,641,750	7.75	43,701,000
Sugar Beets	36,288	11·37	412,400	12.80	5,278,700

The Dairying interests of Canada at this time were considerable, with Live-stock valued at over 1,000 million dollars. According to an official statement of the Dominion Bureau of Statistics issued in 1920, the exports of cattle in the fiscal year 1918-19 were $30,069,490 in value and imports $659,153; of sheep the exports were $1,609,862 and imports $150,321; of swine the exports were $760,040 and imports $3,583. Of the live-stock slaughtered at Canadian Inspected establishments in 1919-20 the total was 960,639 cattle, 2,171,747 swine and 600,124 sheep. As already shown, there was a decrease in values of live-stock during 1920 but prior to that year the increase in value had been continuous. In milch cows the price per head averaged $42.10 in 1913, $57.47 in 1914, $61.57 in 1915, $70.25 in 1916, $85.50 in 1917 and $87.00 in 1918; for other cattle, prices averaged, respectively, in these years, $22.10, $42.66, $44.56, $54.25, $57.25 and $61.00; for sheep, prices ranged from an average of $5.01, to $7.07, $7.96, $10.25, $15.00 and $16.00 while swine averaged in the same years $7.73, $12.35, $15.54, $17.50, $25.75 and $26.00.

The same Bureau issued statistics as to Dairy factories in 1919 which showed 3,282 operating during that year of which 1,018 were creameries, 1,787 devoted to cheese, 453 combined butter and cheese factories; the farmers supplying milk and cream to dairy factories numbered 275,060 and the number of cows producing the milk was 1,648,442; the quantity of milk delivered by the farmers was 2,821,149,557 pounds and of cream 71,351,336 pounds (butter fat); the amounts paid to the farmers for the milk and cream totalled $107,412,542 or an increase of $24,000,000 over 1918; the production of butter was 103,890,707 pounds valued at $56,371,985 or $15,000-000 more than in 1918; the production of cheese 166,421,871 pounds valued at $44,586,168—a decreased product from 1918 with an increased return of $5,000,000; the cost of operating the factories in 1919 was $128,556,744 and the export of Dairy products in the fiscal year 1919-20 was $9,844,359 worth of butter, $36,336,863 of cheese, $10,216,861 of milk and cream in various forms—a total of $56,398,083. J. A. Ruddick, Dairy Commissioner, in addressing the Novia Scotia Dairymen's Convention of 1920, estimated the values and products of the entire Dairy industry of Canada for 1919 as follows:

Products	Values	Products	Values
Cheese	$44,205,794	Sterilized milk	$ 852,080
Creamery Butter	56,371,985	Condensed skim milk	32,921
Dairy Butter	56,250,000	Casein	32,588
Whey Butter	661,373	Ice Cream	3,715,488
Condensed and evaporated milk	11,214,165	Cream	4,718,678
Milk Powder	1,539,272	Whey Cream	521,420
Milk, used as milk	$72,000,000		

In this connection it is important to note that milk was authoritatively urged upon the public in this year as not merely a pleasant drink, but a really solid and beneficial food; according to the 20 scientific or professional men included in the New York Committee on Milk Standards one quart of whole milk was equal in food value to 12 ounces of beefsteak or to one quart of oysters, and was the cheapest food on the market. The general question of milk production, supply and price, was much discussed during the year. As to sanitary conditions, great improvements were effected at considerable expense by the distributing companies; investigation showed distinct betterment in Montreal, Toronto, Quebec, Halifax, Ottawa, and 20 other cities, in standards, system of shipment, delivery, etc. To the consumer the rising prices seemed the most vital matter, but distributors and producers had other considerations to deal with; in New York, the greatest milk market of the continent, prices rose, between 1914 and 1918, 88 per cent. as compared with 226% for butter, 288% for cheese, 269% for beef and similar proportions for other products. In Canada the exact comparison was not available but conditions were similar. As to the farmer and milk production there was, in 1920, a wide spread between producer and consumer. According to Dr. J. A. Ruddick in a May statement, farmers around Montreal were receiving $3.10 per cwt., around Toronto $3.12, St. Catharines $3.75, Kingston $2.60, Granby, Que., $3.00, Sydney and Halifax and Victoria $4.00, Edmonton $2.75, with the retail price ranging from 12 to 17 cents. The farmer's viewpoint was presented in the *Farmers' Sun*, Toronto, of Mch. 27:

> These men, in order to get their cows fed, milked in time, the milk strained into cans in which shipment was made, their horses fed, harnessed and hitched to sleigh or waggon, their breakfast eaten, the milk loaded, and the run made to the station, had to be out of bed by 4.30 to 5 o'clock each morning. For this labour and hardship in the cold, dark winter mornings—yes, and the almost equal hardship of wives and daughters, who had likewise to be up and about at the same hour—the farmer was paid the princely sum of $1.65, minus express and cartage charges of 20 cents, or $1.45 actual for an eight-gallon can of milk. To produce a can of milk meant the average milk output of at least three cows per day. Each cow had to be fed and cared for throughout the year, although the average milking period of a cow is only eight months in the year.

As to numbers, the Live-stock of Canada decreased during 1920; on June 20 of that year the total number of horses, cattle, sheep and swine in the country was 20,115,183 compared with 21,214,408 in 1919; in detail there were, in 1920, 3,400,352 horses, 9,477,380 cattle, 3,720,783 sheep and 3,516,676 swine. It may be added here that during and after the American Civil War there was a strong demand in the United States for Canadian cattle and exports ran up from 40,667 head in 1868 to 104,609 in 1870 and remained large until the McKinley and Dingley tariffs checked and almost stopped the trade; then it went to Great Britain and very soon increased until, in 1906, 163,904 cattle, valued at $11,045,000, went to the British market; in 1914 came the War and export to Great Britain was barred by lack of shipping and it then expanded to the United States from 23,288 head in 1913 to 415,956 head in 1920 (fiscal year) worth $41,226,445.

Incidents of the year in the cattle or dairy interests included the shipment in July of a carload of Canadian Jerseys from Brampton to New Zealand; a growing demand for Canadian feeders and stockers in the Western States where they were said to put on weight quickly and to realize substantial profits; the withdrawal of the Mange dipping regulations by Order-in-Council of the Government early in August and release of a large number of cattle in the West for shipment; the meeting of the Western Canada Live-stock Union at Calgary on Dec. 15 when the President, G. H. Hutton, reviewed the situation and the passing, at the request of the Union, of the new Act for the inspection and standardization of feeds for stock, the part played by the Union in achieving the abolition of the Board of Commerce and in the campaign against the Mange which had proved so successful. Figures published by the Council of Canadian Meat Packers, Toronto, for the half-year ending June 30, 1920, showed the number of animals at Canadian yards during that period as totalling 865,893, apportioned as follows:

Stock-Yard	Cattle	Calves	Sheep	Hogs
Toronto	145,530	48,523	28,336	173,846
Montreal (East End)	17,133	33,175	9,059	22,473
Montreal (Point St. Charles)	15,179	42,354	9,802	32,767
Winnipeg	46,031	4,884	6,887	84,442
Calgary	45,469	3,290	35,714	23,866
Edmonton	14,423	1,611	2,159	17,390

Fruit interests in Canada had, for the year 1919, their first official Ottawa statement as to the commercial apple; the product for the year was 3,334,660 barrels valued at $24,396,210 wholesale. In 1920 the product was 3,404,340 barrels valued at $29,849,149. The total value of nursery fruit stock sold during this year was stated at $500,092 with 453,629 apple trees included. The fruit Provinces of Canada at this time were Nova Scotia, New Brunswick, Ontario and British Columbia, and the profits from fruit, properly cultivated and shipped, were probably greater than in any other branch of agriculture; the difficulty was that the industry did not receive the same concentrated care and public attention that was given to other agricultural developments; enforced neglect and lack of labour during the War had done much harm in Niagara and the climatic conditions of the 1917-18 winter did more. There was, however, a tremendous crop in this region during 1920—apples and plums and peaches broke down the boughs with their weight; in Great Britain a good market and high prices were available as well as for the apples of Nova Scotia; yet, eventually, the fruit farmer for the bountiful crops of the year received very small prices though the Canadian consumer paid exceedingly high prices. The

Toronto *Mail and Empire* of Sept. 10 said in this connection: "Surely there are enough Fruit growers in the Niagara Peninsula to organize wholesale distributing stations in Toronto, Montreal, and other cities. Apple producers combine in marketing apples abroad. The California orange and lemon growers have a continent-wide organization that has succeeded in getting fruit sold in Ontario." High cost of labour, expensive baskets, boxes and barrels, besides lack of organization, were the chief difficulties of this industry. On Dec. 28 a Co-operative Union of Fruit-growers of Niagara was tentatively organized at Hamilton with 50 farmers present and the promise by Ontario's Minister of Agriculture (Mr. Doherty) to pay the first year's salary of a high-class man as Manager.

The Fur-trade and Fox farms were a so-called branch of Agriculture which had much public attention during 1920. For the fiscal year of 1919-20 official figures showed a total production of pelts valued at $21,197,372. At a Conference in Montreal on Feb. 19-20, with 25 delegates representing the large fur-trading interests of P. E. Island present, it was stated that Canada was becoming one of the leading fur-markets of the world and that a mink, which once brought 40 cents, was worth $13 to $28 to-day, and a muskrat $5.50 today, as against 12 cents some years ago; it was urged by Resolution that it was in the interests of fox-farming in Canada to hold an International exhibition of fur-bearing animals in Montreal under the auspices of the Commission of Conservation. The first Auction Market was held on Mch. 22 at Montreal and proved very successful with $5,000,000 worth of furs on sale; the first International Silver Fox Exhibition was opened in the same city on Nov. 25 with a rapidly-growing industry and fox-farms in P. E. Island, New Brunswick, Quebec, Ontario and Manitoba clearly in evidence. A total of 360 silver foxes were exhibited. Statistics published at the close of the year for 1919, showed 424 fox farms in Canada with fur-bearing animals in stock worth $4,119,038 and 5 mink and raccoon farms with animals worth $258. Exports in that year totalled $13,500,000 of which $9,600,000 went to the United States.

The Wool interest of Canadian farmers was not, in 1920, a very wide one, but it had large possibilities and its expansion would prove undoubtedly beneficial. The 3,700,000 sheep—chiefly in Ontario and Quebec but scattered through all the Provinces in lesser degree—represented a value of nearly $50,000,000 and farmers were coming more and more to understand matters of quantity and quality in this respect and to appreciate the advisability of keeping a small herd on the farm; it was claimed with truth that there were thousands of acres of rough land throughout the Dominion admirably adapted to the raising of sheep though not yet revenue-producing in any form. In addition, there were countless farms which did not include sheep among their live-stock and were not only losing profits in mutton and wool but in the greater fertility of the soil which a herd of sheep afforded.

Distribution conditions changed and improved in 1919 and 1920 and the Canadian Co-operative Wool Growers, of which Lieut.-Col. Robert McEwen of London was President, with a central warehouse at Weston, Ont., handled considerable quantities; with it were affiliated the Sheep Breeders' and Wool Growers' Associations of Alberta, the Wool Growers' of Saskatchewan, the Central Alberta, Pincher Creek, Vermilion and South Alberta Wool Growers, the Interior British Columbia Wool Growers. Its functions were officially described as follows: "When a growers' wool is received it is graded individually, and a separate report made as to weight, grade, cleanliness, soundness, etc. All weights, of course, are Government inspected. The return to the grower is based upon the selling price less the actual cost of handling. Marketing your wool in this manner is (1) a system of co-operation; (2) is educative; (3) you learn the fine points of wool production; (4) you know exactly what your flock is producing; (5) you can select for superior wool production." Declining prices and a temporary lack of local markets caused depression during the year at some points but the Canadian market improved as a whole and good grading helped in bettering the situation.

Flax-growing continued to expand and, in the production of flax-seed, increased from 6,114,000 bushels grown on 463,359 acres in 1915, to 7,997,700 bushels from 1,428,164 acres in 1920; unfortunately, the price had fallen in the latter year after rising from $1.51 per bushel to $4.13 in 1919. Values, therefore, fell from $22,609,500 in 1919 to $15,502,200 in 1920.

S. Frank Glass, M.P., of London, who had been pressing the matter for years upon public attention, referred to it again in Parliament on Mch. 24 when Hon. Dr. Tolmie, Minister of Agriculture, stated in reply that experimental work was being carried on looking to the development and perfecting of machines used in the flax and hemp industry. This was vital if the Canadian product was to compete successfully in the world markets because labour could be secured more cheaply in other countries than in Canada. Canadian Flax-seed, however, the Minister added, had been able to compete in the markets of the world with the best seed there and flax from Canada was selling in Belgium, France and Ireland. There was, also, a good market for the Canadian product in the United States. Close attention was being given to the grading of fibre and of seed. With regard to exhaustion of land, through the growth of flax and hemp, he expressed the view that this could be prevented by a proper rotation of crops.

A report from J. V. McKenzie, Trade Commissioner in Ireland, indicated, a little later, that there was a possibility of Canadian flax-seed ousting the Dutch product from the Irish market; much seed had been imported there from Canada in 1918 and 1919 and had proved popular. It was pointed out by W. D. Cowan, M. P., for Regina, that millions of tons of flax-straw were burned up every year and that in the West good linen was now being made from this by-product; he urged erection of linen mills in Regina and, as to the straw, said it was a fact that recent attempts at paper-making in Canada from this material had been fairly successful while in the United States it was either burned and used as a fertilizer or boiled and made into heavy paper. The Halifax *Herald* of July 16 noted that in the days of the pioneers and, in fact, until some 50 years ago, many if not most farms, particularly in the eastern sections of Nova Scotia, grew more or less flax and from it the women of the households spun and wove linen, often of the best and finest, for their own use and sometimes for sale. On July 20 a flax-harvester machine was tested near Chatham, Ont., and proved remarkably successful. Flax cultivation has not in modern times been popular and its growth in Canada depended at this time upon certain machinery being developed; upon this change in methods of production depended, indeed, the entire future of linen as an industry. It was pointed out by the Toronto *Globe* of Nov. 25 that flax was rather an important crop in the Western Provinces, though grown mainly for seed; in Ontario conditions were reversed, fibre receiving, the first consideration. In 1919 the Canadian export of flax fibre flax tow and fibrilla totalled $827,327 and the imports $71,566.

Agricultural events of the year included a record production of potatoes—133,000,000 bushels—though the average price was slightly less than in 1918 and only two cents a bushel more than in 1919; a considerable growth in the Tobacco industry with 48,088,500 pounds produced, as against 33,770,000 lbs. in 1919 and realizing $6,506,550; the statement of A. E. Wilson, Dominion Seed Grain Commissioner (Dec. 4) that during the past season 20,500,000 bushels of seed grain had been purchased and distributed by the Seed Grain Commission to the farmers of Western Canada; a strong condemnation of olemargarine and of many advertisements of it, which were characterized as fraudulent in intent, by the Executive of the National Dairy Association, at Winnipeg on Feb. 17. An interesting meeting of the year was the 2nd Convention of the Western Canada Society of Agronomy held at Edmonton on Dec. 28-29. Agricultural education was discussed at length by representatives of the Manitoba College of Agriculture and University of Saskatchewan; soil drifting was another topic and Hon. Duncan Marshall, Alberta Minister of Agriculture, stated that a Soil Survey in his Province was to be started shortly under joint Dominion and Provincial auspices; weeds and forage plants were dealt with and the need for more diversified farming was urged by H. A. Craig of Edmonton.

Resolutions were passed in favour of (1) a complete Soil Survey of the Prairie Provinces; (2) closer co-operation amongst the agronomists of the three Provinces; (3) a thorough investigation of the question of seeding down to grasses in drifting areas; (4) establishment of new Meteorological stations in the West and better equipment of existing stations, with more attention to specific problems. Prof. T. J. Harrison of Manitoba Agricultural College, was elected President. Another new organization of the year was the Canadian Society of Technical Agriculturists which met at Ottawa on June 2-4 in its first Convention; L. S. Klinck, B.S.A., D. SC., President of the University of British Columbia and Professor of Agronomy, presided and papers were read, or addresses given, by prominent officials, Ottawa; Dr. F. C. Harrison, Macdonald College; George A. Putnam, Department of Agriculture, Toronto; Professor H. Barton, Macdonald College; Tom Moore President of the Trades and Labour Congress; Prof. J. W. Crow, O. A. C, Guelph; Dr. W. P. Thompson, University of Saskatchewan; Dr. A. B. Macallum, Chairman of the Research Council; Dr. M. Cumming, N. S. Agricultural College; Dean Howes, University of Alberta; President J.B. Reynolds, Manitoba Agricultural College, Organization effected had been to (1) unite all workers in scientific and technical agriculture in order to promote the scientific and practical efficiency of the profession and make it of increasing service to the agricultural industry; (2) to maintain high standards in the profession, encourage a national policy of agricultural research and obtain for scientific work in agricultural research greater financial support. Dr. Klinck was elected President and F. H. Grindley, B. S. A., Ottawa, General Secretary-Treasurer. Resolutions were passed as follows:

1. That as we have in Canadian agriculture a number of men who have rendered most distinguished service, and who are without academic degrees, therefore, be it resolved that this Society appoint a Standing Committee to consider all such cases, and to bring the same to the attention of Canadian Universities.
2. That, this Convention approves the publication of a Journal of Scientific Agriculture by the Society.
3. That the Agricultural curricula (Colleges, etc.), be amended to include comprehensive courses in market requirements, marketing methods, business practice and the economics of production.
4. That a Committee be appointed to consider a comprehensive policy for Agricultural Colleges in respect to the proper organization of research, experimentation and plant-breeding—as being of vital importance.

An important new organization established under Government auspices and encouragement at the close of 1919 (Letters Patent of Dec. 30) was the National Dairy Council of Canada. Its chief objects, as announced, were (1) to consider and advance all matters tending towards the improvement of the Dairy Industry in Canada, including production, manufacture, transportation, storage and marketing; (2) to consider proposed legislation and regulations both Provincial and Federal, and to assist in obtaining such legislation and regulations as would be beneficial to the Dairy Industry; (3) to promote Interprovincial co-operation for the purposes of the industry and to obtain for it the position it deserved as the most technical and complicated branch of agriculture; (4) to encourage the adoption throughout Canada of uniform standards for dairy products; (5) to encourage production, uniform standards of grading and, by co-operation in marketing, to assist in developing a better trade for Canadian dairy products; (6) to co-operate with the Railways in securing the best conditions for transportation, and a just equalization of charges therefor. E. H. Stonehouse, Weston, A. A. McKay and J. M. Carruthers, Winnipeg, John Bingham and D'Arcy Scott, K. C., Ottawa, were the incorporators; Mr. Scott became General Secretary and Counsel, and during 1920 watched closely the public issues in which these interests were concerned—especially in cases before the Railway Commission.

There, were, during the year, a number of efforts to bring together in friendly intercourse agricultural and industrial bodies; in the West there had been an Association of bankers, business men and farmers for some years and with useful effect; in Ontario there were during 1920, meetings at Hamilton, London, Stratford, and other Ontario points at which representatives of Boards of Trade and Farmers' Clubs met and exchanged views; the movement was given an impetus by the success in the United States of the "Eastern States Movement", started, in 1912 in Vermont, with the fundamental idea of the city and country getting together, of manufacturer, banker, farmer and merchant joining hands to create a more prosperous agriculture. An incident indirectly connected with agricultural conditions was the claim of the Toronto *Farmers' Sun* (Feb. 11) that in the late War Canadian soldiers won 62 Victoria Crosses, of which farmers won 13, or considerably more in proportion than those obtained by any other class of citizens.

Presidents of Dominion Agricultural Organizations in 1920

Society	President	Headquarters
Canadian National Poultry Association	Dr. R. Barnes	Ottawa
Western Canada Live-stock Union	G. H. Hutton	Calgary
Canadian Produce Association	H. R. Gray	Montreal
Dominion Bantam Association	W. W. Simpson	Guelph
Maritime Poultry Association	J. R. McMullen	Truro
Canadian Creamery Association	J. A. McFeeters	Toronto
Maritime Stock-Breeders' Association	A. E. Trites	Salisbury, N .B.
Canadian Hereford Breeders' Association	L. O. Clifford	Oshawa
Holstein-Friesian Breeders' Association	Neil Sangster	Ormstown, Que
Canadian Co-operative Wool Growers' Ass'n	Lieut.-Col. Robt. McEwen	Byron, Ont.
Canadian Florists' and Gardeners' Association	W. E. Groves	Hamilton
Canadian Seed Growers' Association	Dr. J. W. Robertson	Ottawa
Canadian National Live Stock Record Board	Peter White, K.C	Toronto
Canadian Goat Breeders' Association	A. French	Vancouver
Western Canada Irrigation Association	Hon. T. D. Pattullo	Victoria
Canadian Society of Technical Agriculturists	L. S. Klinck, D. Sc.	Vancouver
Canadian Sheep Breeders' Association	W. A. Dryden	Brooklin, Ont.
Canadian Swine Breeders' Association	J. F. Roach	Sussex, N. B.
Clydesdale Horse Association of Canada	James Torrance	Markham
Canadian Shire Horse Association	James Bovaird	Brampton
Canadian Pony Society	J. M. Gardhouse	Weston
Canadian Hackney Breeders' Association	W. E. Jewell	Bowmanville
Canadian Standard-Bred Horse Association	Sam McBride	Toronto
Canadian Thoroughbred Horse Association	J. J. Dixon	Toronto
Dominion Shorthorn Breeders' Association	J. G. Barron	Carberry
Canadian Ayrshire Breeders' Association	Gilbert MacMillan	Huntingdon
Canadian National Record Board	Wm. Smith	Oshawa

Farm Problems of the Year: Conditions in the United States; The Non-Partisan League.

The 1,000,000 farmers of Canada in 1920 had $5,000,000,000 of capital in Land, Buildings, Implements and Live-stock; their gross income for the year, in prices realized by the sale of wheat and other field crops, live-stock and various farm products, totalled nearly $2,000,000,000. How much of these values was real and effective, how much was milked by middlemen, what portion of the Assets was solid and substantial, is another question and one which can hardly be answered here; nominally and according to official figures, the average wealth of the Canadian farmer was $5,000 and his average gross receipts for the year $2.000. As to production, the farmer and the manufacturer ran pretty close together.

In 1919 the estimated value of the industrial product of Canada was $3,015,000,000 and that of agriculture, proper, $1,455,000,000. But, to the latter, must be added the value of live-stock sold or slaughtered during the year at $180,000,000, the sales of poultry and eggs at $40,000,000, Dairy products totalling $252,000,000, wool estimated at $11,000,000 and fruit and vegetables of $40,000,000 or a total of $523,000,000; from the manufacturing total it would also seem fair to deduct $262,000,000 of flour and grist mill products* which were just as much agricultural products as were butter and cheese, together with $186,000,000 of slaughtered animals and meat-packing products, $85,000,000 of bread, biscuits and confectionery and $14,000,000 of fruit and vegetable canning product. If only one-half of this $547,000,000, or $273,000,000, were deducted from the Manufacturing total, it would stand at $2,742,000,000 and if similarly, the $523,000,000 mentioned above and the $273,000,000 just specified were added to the Agricultural total, we would have $2,251,000,000 which would statistically clarify the situation as between these two great national interests—though it must be borne in mind that the figures in both cases were gross and not net returns.

The Canadian farmer of 1920 was, in some respects, curiously unlike the farmer of the past in Canada and of his own period in many other countries. Sir Horace Plunkett, who knew agriculture well and practically, once said, with absolute truth, that "the orderly and safe progress of democracy demands a strong agricultural population." In this essential, Canada was at this time strong but undoubtedly greatly changed; the events and conditions of the war years had altered the one-time inherent conservatism of the Canadian farmer into something approaching radicalism—the words are not used politically except in so far as policies like the Referendum and the Recall may be considered politics. President J. B. Reynolds of the Manitoba, and then the Ontario, Agricultural College, put an ideal position very clearly in the following words†;

> The Canadian farmer is both a capitalist and a workingman. His capital has been gained as the direct result of his own industry and thrift or as a heritage from those who have been industrious and thrifty, and whose industry and thrift he has seen and learned to respect. Property, therefore, to his mind, is not merely money, the means of commanding the services of others less fortunate than himself; his experience goes to show that property is the reward for the exercise of admirable human qualities that make for good citizenship. Property won in these ways will not readily be relinquished to those who advocate the cruder forms of Socialism, the equal division of all property and of all rewards for abstinence and industry, but who have neither sown nor reaped, nor gathered into barns. On the other hand, the Canadian farmer as a workingman, and a worker in the most productive form of industry, is capable, through his own experience, of understanding the reasonable demands of workingmen in other

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*Note—Bureau of Statistics, 1918-19 figures.

†Note—Canada, a London journal, Jan. 15, 1921

industries. He certainly believes in every honest worker enjoying the full returns from his labour.

The farmer in Canada creates; he grows or raises the product of his farm in a sense different from the work of the miner, the lumberman or the fisherman. The latter produce in a sense, as does the manufacturer, but it is in a different and less fundamental form; the manufacturer of course, builds and improves and develops but he does not create in quite the degree of the farmer. As Mr. Reynolds said: "The farmer more than any other worker is likely to work for the love of the things he works with. He works with living, growing things, which grow slowly and give opportunity to observe and to study their growth. Living things respond not only to manual skill, but still more to affectionate care." But the Canadian farmer had many and varied problems to meet in these later days of changing civilization and larger cultivation. Much of the political planning and proposals and organized effort of 1919 and 1920 came from the West, and Western farming was very different from that of the East—whether traditional or up-to-date. The man of the West had 160 acres, and often more, where the eastern farmer, like his fathers, was content with 100 acres or less; he had little clearing to do, the ground was usually level and easy to work, machinery was largely utilized; the Westerner, until very recently, went boldly and largely into wheat and took chances upon one or two big crops of a single grain, while the Eastern farmer rotated his crops, varied them in different fields and always realized something; the man of the West, when he lost, did so in a fashion which left him almost helpless—often seedless and moneyless—though, if he won, he might make a small fortune.

Climatic difficulties were and are doubly difficult with the Westerner but, by 1920, mixed farming was becoming more popular and, as the average product per acre fell off on his lands the live-stock increased. Conditions, however, were at this time difficult in all the agricultural industry—after years of high prices. Values were steadily falling though the probable level was nearly reached. In 1917 the total value of live-stock had been 1,102 millions, in 1918 war conditions increased the amount to 1,326 millions, in 1919 it began to decrease and totalled 1,296 millions, in 1920 it was down to a little over 1,000 millions;the British policy of excluding live cattle affected Canada as it did other countries and the threatened tariff exclusion from the United States affected it still more. Meantime, the cost of growing wheat had increased from year to year with higher wages, more expensive animal feed, higher freights; the 1920 crop was an immense one in total product but Manitoba was disappointed in its average per acre, Southern Alberta, after two years of comparative failure, had less than expected and much less than hoped for; owing to the fall in prices. large areas were unremunerative though not unproductive.

Speculators did something to affect this situation though not as much as charged; it was claimed that had the Wheat Board been retained and prices upheld, the farmers would have had upwards of $50,000,000 more for their crop. If so, they would have suffered later in a still greater collapse in price even if other countries would, or could, for the moment, have paid the artificial and arbitrary values. Even during the high price period it was contended that the high cost of concentrates fed to cattle, and the cost of labour in looking after them, largely balanced the increase in butter and cream; that eggs were high becuase they were scarce and live-fowl unproductive because of high cost of feeding. So with other products and similar arguments. But it was in the greater things that the farmer suffered most—labour and transportation. Near to many Canadian cities apples rotted on the ground because labour was prohibitive in price; city people in consequence paid for apples at a rate which only the profiteer could really afford. To farmers, everywhere, freight rates doubled in the very period that wages doubled or went up one-third, with shorter hours, to the workman; in the West, harvest labour went to $4.00 and $6.00 and for tractor men it rose from $4.00 to $8.00 while binder-twine which used to cost 8 to 11 cents advanced to 20 and 26 cents.

However, and despite these difficulties, and details, there could be no doubt of the large sums of money realized by farmers as a whole during the War and up to the time when prices began to fall. Farm areas in crop increased 60 per cent. between 1914 and 1919; the value of field crops grew from 638 to 1,455 million dollars or 127 per cent.; the number of farmers in the country did not increase, proportionally. W. L. Griffiths, Secretary to the High Commissioner in London, visited Canada in June, 1920 and on his return stated to the press (June 27) that: "Signs are everywhere of prosperity without precedent among the farmers. I was surprised to meet several farmers who began with practically nothing and who now possess very considerable wealth. One invested $16,000 in war bonds, and another $65,000." These things were incidental, but there could be no doubt about the $35,000,000 paid to the farmers by the Wheat Board on Aug. 1st under Certificates issued for the 1919 wheat crop sold by the Government, and paid for at the rate of $2.15 per bushel, with the certificated pledge that if more were realized it would be paid later. For this crop of 130,000,000 bushels, over and above the 30 millions kept for seed, $280,000,000 had, already, been received; it was estimated at this time that the eventual price obtained was $2.55 per bushel or $325,000,000.

Meanwhile, and in various details, the farmers' condition had been improving. In Ontario electrical appliances and light, heat and power, served an obvious purpose in lightening work and lessening burdens. Everywhere the farmer was steadily improving his operating facilities with varied forms of new and ever-better farm machinery—at a price. Tractors for plowing and silo-filling and transport, automobiles for transport and travel and commerce and pleasure, effected a transformation, in many cases, with the four great utilities of modern farm life—a good water supply, a sewage disposal plant and effective heating and lighting systems—

frequently present. Gradually, too, the isolation of the farm life was passing away. The telephone and the automobile—of which latter the farmers, as a class, were in 1920 perhaps the greatest purchasers, the establishment and development of the rural mail service, the good roads movement and the roads policy of Dominion and Provincial Governments, all contributed to improve the personal position of the farmer and to enable a steadily-increasing element of social life and interchange of political views, through personal intercourse, to develop. With the decline in prices there came, also, certain advantages. Wages began to fall and labour was easier to get; with an adjustment in hardware, cement and steel prices, building slowly became more feasible and much in this connection was needed by farmers everywhere; farmers faced the new year and low range of prices for their products with a record in the immediate past of fairly economical living, payment or reduction of mortgages, investment in Victory bonds and other financial dealings which had put them, as a whole, in a solid condition.

Incidents of development during the year included a succession of prizes won by the Canadian Provinces at a Chicago Agricultural and Live-stock Show of an international nature—Nov. 30 and Dec. 1st; the apparently great success of the Cameron ranch-farm near Lethbridge managed by C. S. Noble for the Noble Foundation, Ltd., and comprising 20,000 acres with 13,070 under crop—part of a property in Southern Alberta of 33,000 acres with 28,689 under cultivation in August, 1920; the arrival at Winnipeg by Aug. 12 of 13,000 harvest workers with 30,000 expected for the West as a whole, most of them demanding $6.00 a day and food, many of them inexperienced and poor workers, others very much the reverse, and many staying in the country as settlers.

Conditions affecting the Canadian farmer during this period as a whole and during 1920, in particular, were very similar to those prevailing in the United States. American farmers enjoyed the high prices of the War and they suffered from the sudden collapse which came toward the close of the year; like the Canadian farmer they gained during the year from increased production, like him they lost from decreased prices. Estimates* of this latter loss between June and December ran to such high figures as $5,000,000,000 and $8,000,000,000; and E. T. Meredith, U. S. Secretary of Agriculture, described the situation as a "national problem;" it was pointed out that corn had gone from $1.80 a bushel in June to 84 cents in December, wheat from $2.80 to $1.90, potatoes from $2.50 or more to $1.50 or less. Average prices on Nov. 1st were 33 per cent. below those of the Spring though, against this, was the fact that sterling exchange conditions gave the American farmer an advantage which, in addition to his increased production, did partially balance his loss on the exported product.

Back of this situation, however, was the refusal of Great Britain, and the chief importing countries of Europe, to give up

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*Note—New York *Literary Digest*, Jan. 8, 1921 their control of grain-buying or to buy wheat at prices seriously higher than they could buy it for from India and other countries such as—a little later—Australia and the Argentine. In statistics United States agricultural conditions were upon a very large plane—the value of farm property in 1910 was $40,991,449,000 or an increase of 100 per cent. in ten years; in 1919 the aggregate value of all crops was $15,873,000,000 and the total value of Live-stock $8,830,000,000; in the same year the agricultural imports totalled $1,782,435,000 and the agricultural exports $3,583,169,000.

Two things are evident from these figures—that very small changes in price would make large totals and that imports and exports were upon a scale with which Canada could offer no comparison. About a third of the population of the United States was engaged in or dependent upon agriculture; this 33,000,000 of people were remarkable in their organizing powers and from them Canadian farmers obtained many examples—good and bad; they also were very jealous of competitive importations and this it was that helped to keep Protection a dominant factor in national politics. Hence the development of 1920 when the fall in wheat which was caused, very largely, by the shrinkage in European demand for export, came like a shock to the American and Canadian farmer. The former took alarm in October at an import, within six weeks, of 25,000,000 bushels of Western Canadian wheat for the mills of Minneapolis and forgot the huge home consumption which such a quantity could not possibly effect; he turned to increased Protection as a help and the Fordney proposals were, in part, the result.

The United States has, in recent years, had the same problem of drift from the farms to the city, the same rural depopulation issue as Ontario was so worried over in 1919 and 1920. Its agricultural population, according to Census returns, was 47·5 per cent. of the people in 1870, 44·4 per cent. in 1880, 39·2 per cent. in 1890, 35·7 per cent. in 1900, 32·9 per cent. in 1910. Cities and towns grew yearly in size, abandoned farms, in New England particularly, had long been a serious issue, the race of the young men of the farm to the bright lights of the cities, a greater menace than in Canada. But the general and basic situation was the same in both countries—however it differed in degree. In the United States, as well as in Canada, farm machinery, supplies and equipment increased in cost during the War, while wages advanced to a point which it taxed the resources of the farmers to meet—the only difference being that conditions were a little more extreme in the States, and especially so, after that country entered the War. At the end of 1919 comparison as to certain farm costs over 1917 showed an increase of $90 to $140 for 3-inch farm waggons; $175 to $240 for row-binders and $300 to $450 for headers, $175 to $285 for swath-binders; $45 to $70 for disk-harrows and $35 to $62 for timber per 1,000 feet. As to unrest amongst the farmers, the U. S. Post Office Department in January, 1920, addressed certain questions to 200,000 agriculturists and 50 per cent. of the 40,000 replies received indicated that the writers intended to give up farming or curtail acreage under cultivation for one or more of these major reasons:

1 Inability to obtain labour to work the farms, as hired help, while the farmers' children were being lured to the cities by higher wages and easier living.
2. High profits taken by middlemen for the mere handling of food-products.
3. Lack of proper agencies of contact between the farmer and the ultimate consumer.

A moderate view was presented in a Memorial addressed to the President and Congress in February by the executive heads of seven large National farmers' organizations; it urged that low prices for farm products could not be expected until the high prices for what the farmer bought were reduced, and declared that labour and capital should aid in facilitating the increased production which was being demanded; in the middle Western States it was contended by statisticians that the average cash income of farmers was $2,150. Whatever the situation in debate it grew worse toward the end of the year in actual fact—the U. S. Department of Agriculture indicating a decrease in the value of 26 crops totalling $3,348,: 000,000 or 25 per cent. and in the value of farm animals a decrease of $2,271,576,000—a total average loss of $200 per head of the whole agricultural population.

So bad was the situation regarded that in September the Live-stock interests appealed to the Government, in a large Deputation, to create a fund of $100,000,000 to loan live-stock growers in order to avert the sale of cows and young stock while, in December, Agricultural Committees of the U. S. Senate and House, in joint session, held hearings as to the condition brought about by the drop in prices of farm products with a view to special relief measures—one proposal being Government loans on chattel mortgages or warehouse receipts. Here the comparison with Canada fails; there was no such serious situation in the Dominion. Incidentally, it was an extraordinary thing that prices of live-stock on this continent should have declined in face of the world's great shortage in stocks of cattle, swine and sheep.

The Non-Partisan League of the United States continued in 1920 to be an object of interest to Canadians—particularly to those in the West and to Farmers' organizations which, in other Provinces, hoped to obtain political power. Born in North Dakota in 1915, from the combined influence of the Society of Equity and the exertions of A. C. Townley, a local Socialist, its initial programme was the establishment of State-owned and controlled Terminal Elevators, Flour Mills, Stock-yards, Packing-houses, and Cold Storage plants, State Hail insurance and Single Tax on farm lands, State inspection of dockage and grading, Rural Credit banks operated at cost. In 1916 it captured the State Legislature, Mr. Townley secured control of several newspapers, while the National Non-Partisan League was formed, headquarters established at Minneapolis and branches formed in other States; in 1920 a membership of 300,000 was claimed with 50,000 each in North Dakota and Minnesota, 30,000 each in Idaho and South Dakota, 20,000 in Nebraska, and 15,000 in Iowa; in November, 1920, it polled about 1,000,000 Presidential votes throughout the Union.

Meanwhile, the League had control of North Dakota, politically, and of its banking system to a considerable extent, as well as of most of its newspapers and various industries; in some States, notably Minnesota, it co-operated with the State Federation of Labour; everywhere it stood for the public ownership of nearly everything except land—in North Dakota State elevators were established and were followed by State stores and State banks and State industries. Taxes leaped upwards and, according to C. A. Selden in a *New York Times* history of the League, in 1919 the farmers paid a taxation total of $1,688,355 and between January and March, 1920, a total of $4,540,826 or an increase of 169 per cent.

In preparation for the 1920 elections, a lot of interesting legislation was passed under instructions from Mr. Townley and the League. One measure provided that any State official who made the slightest mistake in any spoken or written criticism of State enterprises should be imprisoned for one year or fined $500, or be both fined and imprisoned, and be tried in any County, regardless of his residence. Another measure provided that any voter who lived more than one-half mile from a polling place could mark his ballot at his home in the presence of a notary, and the ballot then be sealed and mailed to the County auditor; as there were few voters in North Dakota who did not live half-a-mile from the polling booth, it was required that as many blank ballots should be available for distribution as there were voters in any County; the notaries were to be appointed by Governor Frazier, the League representative, and in most of the Counties of the State the auditors were League workers.

A third measure appointed a Committee of two members of the House and three members of the Senate, which, on complaint by a single person, could investigate any department or public office or "any acts or conspiracies" to destroy or injure the property or reputation of any person or group of persons, to injure the credit of the State or any of its industries, enterprises or utilities, or to influence or control any election or primary. This Committee could sit where it pleased, summon witnesses from any part of the State and compel production of the books, records and correspondence of any private or public person, any business concern or any political association. Other similar laws were passed calculated to give absolute control of the State into the hands of Townley and his associates.

One of the developments of this situation was banking and financial trouble. The Scandinavian-American Bank of Fargo and many others came under control of the League and its State officials. The Bank of North Dakota, was specially organized in 1919 to be the financial agency for carrying out the League programme of State-owned industries and, in order to provide the Bank with funds, all public monies, belonging to Counties, municipalities, school districts or any sub-divisions of the State, were required by law to be kept on deposit with it; the local Banks organized under the State banking system were required to keep reserves with it; in short, it was to be a central and reserve bank for the State and its total deposits by June 30, 1920, were $26,500,000; its President, J. R. Waters, had run a livery stable in Iowa and according to a National City Bank *Bulletin*, it was, at the end of the year practically insolvent. When the strain came at the close of 1920, fifteen of the League-controlled banks suspended in as many days.

But these things were spread over many months and there were in all the States interested in the League, many issues and divergent conditions; all the restlessness and dissatisfaction of the day, all the mistakes of political parties and the occasional misgovernment which existed, contributed to aid this organization in the Elections; the fall in agricultural prices and contraction of credit helped also. Yet the results in November were mixed. In Wisconsin, North Dakota and Minnesota the League gained 2 Governors, one U. S. Senator, 2 Lieut-Governors, 7 Congressmen and various minor State officials; in Montana, Nebraska, Idaho, Washington, Colorado, and South Dakota, where there were many Non-Partisan Leagues they did not elect a candidate. Dr. F. E. Ladd, the Senator who was elected, had, however, issued a statement of policy which showed but slight resemblance to the League policy or platform.

In Canada the League had made a start in Saskatchewan and Alberta just as, in earlier days, the Society of Equity had established itself in Alberta. Progress was made and in 1917 it had several thousand members; further development was checked, however, by the rise of the Grain Growers' movement and, despite the large number of Western American farmers in these two Provinces, it had, by 1920, lost most of its influence; the Society of Equity had also been absorbed by the United Farmers of Alberta. Non-Partisans in these two Provinces approved strongly of the political activities and 1920 policy of the Grain Growers and as a result, suspended their own separate action; some of their Socialist views, however, helped to mould platforms and policies—though not to a serious extent and with no such possible results as in North Dakota.

The Dominion Government and Agriculture; The Wheat Board and its Policy.

The policy of the Borden and Meighen Governments toward Agriculture was one of organized Departmental work along lines of education and co-operation with the encouragement of every interest so far as it could be given. In this respect Dr. S. F. Tolmie, as Minister, took up the work of Hon. T. A. Crerar and carried it on in various forms of useful effort. The Dairy and Cold Storage Branch, with its Market and other Divisions, did much during 1919 and 1920 to promote the sale of agricultural products in the best market abroad—Great Britain; renewal of the cheese arrangement of the former year was not acceptable to the Dairymen but, eventually, they found the 25 cents offered by the British Ministry of Food for their cheese in bulk would have been more profitable than the higher and speculative prices which they accepted for a portion. The Dairy *News-letter* of the Department was found increasingly useful and it should be remembered that during the War this Branch looked after the purchase and shipment, on behalf of the British War Office, of 2,274,050 tons of hay, oats and flour worth $98,631,568; the Seeds Branch dealt with information as to seed markets and production, testing and inspection.

It also controlled the Seed Purchasing Commission, organized in 1916, which did such good work in the West and, in 1919 purchased, cleaned, and distributed at cost 2,000,000 bushels of wheat in districts where shortage existed—with a record in the Minister's Report for March 31, 1920 of the repayment of practically all the $3,800,000 advanced for the purpose. It may be added that up to September, 1919, the Commission expended for the purchase of grain for seed a total $11,896,540 with, later on, refunds to the Receiver-General of practically the whole amount. In 1920 the Commission continued its work of protecting the Canadian farmers and, especially, those of the West, against seed shortage. Its methods were business-like and efficient.

Working capital was issued under Governor General's Warrant, sales were made on a strictly cash basis, and all moneys received promptly returned to the Receiver-General. The operations of the Commission were confined chiefly to Western Canada where large districts were from time to time subject to crop failure through drought, rust or frost; but, during the war years of increased production, seed of the cereal grains, peas, beans and corn were widely distributed in Eastern Canada. The purchase price of grain for seed purposes was based on current Grain Exchange prices to which was usually added a small premium for grain of a quality that would on re-cleaning, conform to the established grades for seed grain. The Canadian Government elevators at Calgary, Moose Jaw, Saskatoon, Transcona, Port Arthur and Quebec City were used for assembling, storing, cleaning and distribution purposes and Dominion seed inspectors stationed at these elevators held responsible for the quality of the seed grain. All sales were made subject to a Seed grade certificate which was attached to the bill of lading and selling prices were fixed to cover the average cost of the grain, expenses in handling, incidental losses that accrued in process of cleaning, transportation, and fluctuations on market values.

During the 1920 season, the Commission purchased 1,040,424 bushels of wheat, 1,287,751 bushels of oats, 17,197 bushels of barley, and 2,769 bushels of winter rye. Capital amounting to 3,807,000 was supplied by the Dominion Government and the year's operations showed a credit balance of $185,396. The cost of maintaining the Commission for the year was $24,077, which included staff, salaries, travelling and office expenses and an inspection service provided by the Seed Branch cost $16,405. The net balance,

$144,913 was sufficient to pay a fair rate of interest on the $3,807,000 advanced on requisition of the Seed Commissioner.

In the Live-Stock Branch varied problems had to be dealt with and new ones were constantly arising. The type and style of horses raised in Canada and their present unsuitability and the importation of pure-bred stock; the same policy of importation as to cattle and the effort to prevent the slaughter or exportation of young ewes and sows offered for sale at the stockyards or on open market; the special relief policy in cases where shortages of feed occurred in the West, were amongst the elements of work handled. Of the Poultry Division, the Report for 1920 said: "The idea of perfecting a business organization has been developed to the point of standardizing the product and the providing of a system of inspection by approval to ensure a uniform article going forward. A comprehensive Markets Intelligence service has been worked out, and the mechanical part of collecting and marketing the product has been fostered through the medium of co-operative associations, through the extended instruction and demonstration in the art of handling, in the advocacy of better methods of handling, more care in packing and loading, etc. The matter of economical production and costs is being approached through the policy of stock improvement, etc."

The Markets Intelligence Division did a most useful work in the effort to remove, as far as possible, all conditions detrimental to the marketing of live-stock as regarded transportation, stock yards accommodation, and the actual transaction of business in public stockyards; it endeavoured to so familiarize producers and feeders of live-stock with actual market conditions and trade requirements, as to bring about more intelligent breeding and feeding in the production of market classes of live animals, and to provide a source of intelligence with regard to local, general, and world's live-stock production—such as might form a sound basis for local production and give leadership to general live-stock development in the Dominion. Officers were placed at the Central Stock Yards in Montreal, Toronto, Winnipeg, Calgary and Edmonton to undertake the classifying, grading and pricing of all live-stock, and to obtain detailed information as to conditions in general and, in 1919, 2,800,000 head of cattle valued at $200,000,000 had been thus supervised. A Daily Markets telegraph service and an Inter-Stock yards service were also established. The Sheep and Goat Division did good work, the co-operative grading of wool was made acceptable to the wool trade of Canada and a help in obtaining outside markets and improved prices; the Feed Division superintended the distribution of standard stock feed when needed.

An admirably managed and usefully developed side of the Department's work was its Dominion Experimental Farms and, associated with these, were the Division of Animal Husbandry and that of Field Husbandry, the Horticultural Division and others dealing with Bees, Tobacco, Economic Fibre Production, Chemistry, Botany, Cereals; there were, also, a number of successful Illustration

Stations and important work was done in Extension and Publicity; the Experimental Stations at Chatham, Fredericton, Kentville, Nappan, N. S., Ste. Anne, Cap Rouge, La Ferme, Kapuskasing, Morden and Brandon, Rosthern, Scott and Lethbridge and Lacombe, Indian Head, Summerland, Invermere, Agassiz, and Sidney, B. C., continued their excellent efforts in experimental work, instruction, study of methods, and practical improvements in Agriculture. The Health of Animals Branch administered the Act relating to that important subject and dealt with such diseases as glanders, hog cholera, mange, anthrax, tuberculosis, etc.; the latter was reported in 1920 as steadily increasing in Canada. There was a Meat and Canned Foods Division which inspected slaughtered animals and watched such products as oleomargarine. The Fruit and Entomological Branches did good service; the International Institute Branch kept the Department and its officials in touch with the outer world while the Publications Branch, through the *Agriculture Gazette* and its issue of millions of booklets and pamphlets did admirable publicity work in diffusing knowledge and promoting co-operative action amongst the Provinces and with the Dominion.

On March 17-19 a Conference of representatives from these varied branches of Departmental work was held at Ottawa with the Provincial Departments of Agriculture—all the latter being represented excepting those of New Brunswick and British Columbia, Dr. J. H. Grisdale, Deputy-Minister of Agriculture, presided, and the following representatives of Branches were present: Experimental Farms, E. S. Archibald, B. A., B. S. A. Director; Live Stock, H. S. Arkell, Commissioner; Health of Animals, Dr. F. Torrance, Director-General; Seed Branch, G. H. Clark, Commissioner; Fruit Branch, C. W. Baxter, Commissioner; Publications Branch, J. B. Spencer, Editor; Dairy and Cold Storage, J. A. Ruddick, Commissioner. Alberta, Saskatchewan, Manitoba, Ontario and Quebec were represented by their Deputy-Ministers in the following order: H. A. Craig, F. H. Auld, J. H. Evans, E. B. Roadhouse and A. Grenier, together with Prof. Cumming, Secretary of Agriculture for Nova Scotia. The relation of the work of the Experimental Farms' Branch to that of the Provincial Departments of Agriculture received a great deal of consideration, as did the place of the Illustration Stations in the agricultural efforts of each Province. As a result, a Resolution was passed recommending the formation in each Province of an Advisory Board, consisting of representatives of the Federal and Provincial Department concerned, who should consider and report upon all schemes for the placing of new Experimental Farms and Illustration Stations in each Province, and also upon new lines of work to be carried on.

Another subject dealt with was as to the best means of obtaining young men for the Veterinary service and as to the nature of the recently-established Herd System; the Live-stock industry was thoroughly discussed and it was decided that, roughly speaking, all matters in connection with Live-Stock production should be under control of the Provincial Departments, while live-stock marketing, transportation and kindred phases of the situation should be under the control of the Dominion Live Stock Branch; in the matter of cow testing, it was agreed that grading for export was a function of the Dominion Department, while the grading for home consumption could be looked after by the Provinces; prevention of losses in Western sheep and calves through the depredations of wolves, dogs and coyotes was discussed and also the grasshopper troubles of this year in the West.

During the fiscal year beginning March 31, 1920, the Department obtained appropriations of $4,366,000 as against $3,648,000 in 1919-20 and of the former total $1,215,000 went to the maintenance of Experimental Farms, $170,000 for the enforcement of the Destructive Insect and Pest Act, $165,000 for the development of the Dairy industry and improvement of transportation, $140,000 to the Fruit Branch and $500,000 to the Health of Animals Branch; $520,000 was allotted for the enforcement of the Meat and Canned Foods Act, $975,000 for development of the Live-stock industry, $350,000 for transport and expenses in giving assistance to the drouth areas of the West, and $225,000 for enforcement of the Seed Act and the encouragement of production. There was a grant of $15,000 for the administration of the Agricultural Instruction Act and, under this law, the annual grant to the Provinces for promotion of Agricultural education, encouragement of Short Courses at the Agricultural Colleges, assistance to Dairying, Live-stock, poultry-raising, etc., maintenance of agricultural representatives in districts, support of Agricultural societies and Women's Institutes, etc., was, during the year as follows:

Alberta	$ 66,965.62
British Columbia	69,199.06
Manitoba	77,113.11
New Brunswick	64,110.80
Novia Scotia	81,716.69
Ontario	336,303.26
Prince Edward Island	$ 31,749.22
Quebec	271,113.76
Saskatchewan	81,728.48
Veterinary Colleges	20,000.00
Total	$1,100,000.00

The allotment was supplementary to specific Provincial grants and had proved, since its initiation in 1914, satisfactory to both the Provinces and the farmers. The primary object of the policy was to help the Provincial Agricultural Colleges—notably those of Guelph, Ste. Anne, Winnipeg and Saskatoon—and in the years 1913-14 to 1919-20 a total of $1,890,143 was so expended. In another specific direction the Government (though this action was taken through the Department of Trade and Commerce) sought to co-operate with the agricultural interests. Following the completion at Port Arthur, in 1913, of a large Elevator at a cost of $1,500,000, four other Public Elevators were constructed—Moose Jaw, Saskatoon, Calgary and Vancouver—and by 1920 were all in operation under the Board of Grain Commissioners. It may be added that the Department of the Interior at this time did service to settlement and production in the West, and elsewhere, by publishing lists of unoccupied lands for sale in the Prairie and Maritime Provinces. During the 1920 Session of Parliament, Acts were passed amending in various details the Canada Grain Act, the

Animal Contagious Diseases Act, the Oleomargarine Act, and the Fruit Packages Act.

Incidents of the year, in respect to the Government and Agriculture, included the lifting, in August, of restrictions against the export of cattle from Alberta and Saskatchewan to the United States which had been in force for 25 years—as a result of Departmental regulations prescribing "dipping" for Mange amongst cattle; the pressure brought by certain Ontario farmers upon the Dominion Government for the Standardization of farm machinery; the statement by Dr. Tolmie, Minister of Agriculture, in the Commons on May 14, that the capitalized value of the Experimental Farms of Canada was $60,000,000, that $233,211,082 could be added to the value of Canadian grain and potato crops by the use of first-class seed, while by careful selection of breeding sires and expert feeding of cattle, sheep, and hogs for slaughter, and also by the improvement of breeding and laying hens, that sum could be brought up to $508,500,000 in a year; the campaign instituted by Hon. Dr. Tolmie and the Department to purify the live-stock of the country, check the spread of tuberculosis and the sale of infected meat and milk; the 4th annual enumeration by the Dominion Bureau of Statistics and the Provincial Departments of Agriculture, in June as to the areas sown to field crops and the numbers of farm live-stock—with the valuable data thereby obtained to help in attracting agricultural immigrants and developing the country; the appointment of E. S. Hopkins, B. S. A., M. S., as Dominion Field Husbandman, of A. W. McCallum, B. SC. F., M. A., as Dominion Forest Pathologist, of J. F. Singleton as Chief of the Division of Extension of Markets, of T. H. Reed, B. S. A., as Superintendent of Dominion Experimental Farm at Lacombe, Alta.

The Canadian Wheat Board. An important branch of Agricultural work was handled in 1919-20 by this Board, constituted on July 31, 1919, with James Stewart of Winnipeg as Chairman, F. W. Riddell as Vice-Chairman, and a Board which changed somewhat in *personnel*,* but was representative of various agricultural interests and included H. W. Wood of Alberta and Col. J. Z. Fraser of Ontario. The most important clauses in the powers granted to the Board by Parliament were (1) authorizing it to "take delivery of wheat in Canada at any point and to pay by way of advance to the producers or to other persons delivering wheat to the Board, such price per bushel as may be approved by the Board" and to provide Participation certificates under which payment would be made to those concerned, of moneys obtained by the Board's sale of the wheat over and above the rate originally allowed, and (2) to fix maximum prices or margins of profits under which flour and other wheat products could be sold by millers. The initial and gross price paid farmers was $2.15 per bushel; the amount to be paid in future was to be less the Wheat Board's expenses in the sale of the product.

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*Note.—See The *Canadian Annual Review* for 1919, pages 330-1.

The work of the Board during this period was highly praised by men otherwise strongly opposed to the Dominion Government. In the Winnipeg *Guide* of June 16, Hon. George Langley of the Saskatchewan Government wrote: "The Wheat Board has purchased grain at whatever price it chose to pay and has sold it at its discretion wherever and whenever it pleased, following out the instructions of the Order-in-Council by securing the highest price available in the countries abroad and selling to the consumers at home at a price fairly approximating to the export price. It has been, in fact, a co-operative, purchasing and marketing body maintaining, only as an unavoidable expense, a staff of servants sufficient to keep its records and a staff of auditors sufficient to check and verify those records. The whole work of the Board will, in all probability, be covered by the sum of $250,000, and when it is borne in mind that the Board will have handled in the neighbourhood of 125,000,000 bushels of wheat this will represent a charge of less than a quarter of a cent per bushel."

As the American market prices during a part of this period ran higher than Canada, some of the farm organizations and, notably, the United Farmers of Ontario, declared that the Board or Government should pay these expenses; H. W. Wood, however, told the Alberta organization on Jan. 19 that when the certificates were cashed Canadian farmers would, even with expenses deducted, get as much as those of the United States. As a matter of fact, the result of H. C. Hoover's price-fixing policy in the United States, when he was Food Administrator, was not so satisfactory as the Canadian method and Senator Arthur Capper's Bill in April proposed to authorize the U. S. Secretary of Agriculture to investigate and determine the amount of loss to the farmers and make payments from the $1,000,000,000 guarantee fund which was allowed the Food Administration at its organization. The measure of loss to the U. S. farmers was estimated at 60 cents a bushel.

On Jan. 31, the Board ordered the price of wheat to mills in Canada at $2.80 per bushel for No. 1 Manitoba and Alberta No. 1 Red Winter with prices for other grades running down to $2.50½ for No. 1. B. C. wheat; on May 8, the price was increased to $3.15 per bushel running down to $2.90½ for the B. C. variety. Practically this was an increase of 35 cents in the Western Provinces and 40 cents in British Columbia, Ontario and Quebec. Another regulation increased the maximum prices for bran and shorts to the extent of $3.00 per ton. An Order issued on Apr. 8 by James Stewart, Chairman, after two days' conference with the chief milling Companies, ended Flour control and from this date the Board withdrew the maximum price on flour sold for domestic purposes, whilst retaining control for a brief period of the prices of wheat.

In Parliament on May 10 Sir George Foster stated that the Government had not yet contemplated renewing the term of office of the Wheat Board which by law expired when the entire wheat crop of 1919 had been marketed—probably about Sept. 1st, 1920. Full payment on Participation Certificates could not be made, he added, until all the crop had been marketed, and payments and expenses adjusted. Farmers holding these certificates could reasonably count on receiving at least 40 cents per bushel in cash payments for the certificates. By a measure introduced on June 24 the Minister assumed power to establish the Board for another year by Proclamation—if circumstances made it desirable. On July 21 Sir George Foster told the Commons that the Wheat Board would pay fifty per cent. of the amount due to farmers out of the profits made by the Board on or after July 15. Interviewed as to the exact effect of the announcement, Sir George stated that the price of last season's wheat crop could not yet be decided. Several million bushels remained to be disposed of but, meantime, the Board would be able to make a 50 per cent payment to wheat growers and this would be not less than 20 cents per bushel. The balance would be payable when the marketing of last season's crop was completed, and not later than the end of the present year.

Meantime, on Jan. 5th, the Canadian Council of Agriculture had met in Winnipeg and passed a Resolution describing the abnormal condition of markets abroad and the possibility of Government control of prices remaining in operation, and added: "Therefore, be it resolved that the Council of Agriculture, while not at this date declaring upon the principle of Governmental control as a permanent policy, believe it is desirable to continue national marketing of Canada's wheat product, at least so long as the principal countries importing Canadian wheat retain Governmental control of their imports and distribution." H. W. Wood presided and Messrs. T. A. Crerar, R. W. E. Burnaby, J. J. Morrison and about 27 other leading members of the Farmers' organizations were present. At this time 50 cents had been added to the Government price for Western wheat and the action evoked a vigorous protest from Hon. M. W. Doherty, Ontario Minister of Agriculture in a telegram to Mr. Stewart as to certain phases of the increase:

> Desire to protest strongly discrimination against Ontario wheat made by latest Order of your Board as announced in the press here. Former regulation fixed price Ontario wheat, Montreal same as Western wheat, Fort William. This operated as discrimination of 17 cents a bushel against Ontario wheat and was attributed to difference in milling qualities. Always felt this difference too great, but present regulation increasing Western wheat 50 cents a bushel and leaving Ontario price as before means discrimination of 67 cents a bushel against Ontario Wheat. Feel this is not in accord with the relative value of the wheat as shown by previous quotations both in fixed prices and in open market. Strongly urge this point be reconsidered in justice to Ontario farmers.

Mr. Stewart promised consideration. During the next few months there were various expressions of discontent over the wheat price originally received from the Board but, as time passed, and wheat showed signs of falling prices, these expressions grew less frequent, and there was a growing tendency to urge continuance of the Board. But the earlier feeling had been strongly cultivated and expressed in days when the Western farmer was compelled to take a lower price than the Americans were getting for their wheat and lacked faith in the value of the Certificates; it had made the Board unpopular in some sections of the West, and it never was very strong in the East. Amid all these conflicting opinions there was a natural mingling of surprise and pleasure when the official announcement was made as to the Certificates.

Meantime, a statement on July 16 that the functions of the Board as to the coming crop were not to be continued was variously received. Sir George Foster in his statement of reasons to the House was explicit in declaring that the factors which influenced the Government in forming the Board—that in Europe all buying of wheat was controlled by Governments, that financial regulations abroad required constant Government intervention and that the United States had established Government control of the purchase, sale and price of wheat—no longer existed. Purchases in Europe were not controlled in combination but by isolated nations, and under competitive conditions, United States Exchanges were open for trading in December and later options, and there was no longer any embargo upon imports of wheat or flour: "Under the circumstances, the Canadian Government has decided to take no steps at present to proclaim the Enabling Act, which means that the present Wheat Board will not function insofar as the crop of 1920 is concerned, and that the marketing of this crop will revert to the usual and normal methods of pre-war times."

In June the Council of Agriculture had again urged the continuance of the Board for the handling, at least, of the unsold balance of the 1919 crop and the *Grain Growers' Guide* now denounced the action or inaction of the Government; the ensuing and very rapid fall in wheat—about 60 cents a bushel in two weeks—caused the Government to be bombarded with appeals for a continuance of Government control over the 1920 crop, also, and statements were made that failure to do so meant a loss to the country and the farmers of $100,000,000; the Regina *Leader* and other forces opposed to the Government denounced it vigorously for not helping to uphold the price of the farmers' chief crop and pointed out that the four wheat States of Australia had joined in an effort to do this despite Great Britain's announcement that the price of the nation's food must come down and that she must buy in the cheapest market.

Following the termination of its control on Aug. 31., a vigorous campaign was inaugurated in the West for the revival of the Wheat Board: in Alberta, the United Farmers' instructed their Locals to study the Government sale of grain and the general question of National marketing as "a direct step toward the complete state control and handling of all commodities and business." It was pointed out that under this system of national marketing, the farmer was assured of getting the average price that his wheat would bring on the world's markets throughout the 12 months during which it was marketed; this was a real advantage and so was the stabilization of prices. The great difficulty was the risk of waiting for a long time for payments if world-prices should be so uncertain and irregular that the National Board could only pay a small amount in advance. On Oct. 22, the Canadian Council of Agriculture confirmed its resolutions of January and June and urged re-appointment of the Board. During the end of October and first week in November, District Conventions of the Saskatchewan Grain Growers were held at Weyburn, Verwood, Shaunavon and Wynyard; resolutions were passed in favour of the Wheat Board and some strong addresses along this line made by J. B. Musselman and J. A. Maharg, M. P.

In the Saskatchewan Legislature on Nov. 10, Hon. George Langley spoke at length on the subject, declared that the farmers of that Province, alone, would lose $130,000,000 by the discontinuance of the Wheat Board and carried a Resolution stating that the Board had marketed the 1919 crop to the great satisfaction of the farmers, claiming that the opening of the Grain Exchanges in certain countries and in Canada was the cause of the decline of 75 cents a bushel in the price of wheat and urging the Dominion Government to re-appoint the Board with James Stewart as Chairman and F. W. Riddell as Vice-Chairman to take charge of and market the balance of the 1920 crop. Meanwhile, H. W. Wood had told a meeting at Wynyard on Oct. 23 that wheat could undoubtedly have been kept up to at least $2.50 a bushel this year had the Wheat Board been re-established and that the Government, through the Board, could have sold 10,000,000 bushels of wheat at this price and under these conditions. Referring to the earlier objections of the Western farmers to the Board, he declared that it was due to the fact that the market was high and there was a feeling that it might go higher: "This Spring there was very little opposition to the Board; only about one-tenth of the people were opposed to continuing wheat control under a Board; the big interests were against the Wheat Board." The other view, and the one which, apparently, prevailed in the end, was expressed by the Toronto *Globe* on Sept. 22:

> The conditions which made Government price-fixing or guarantees in respect of wheat advisable no longer exist. The market should be left to find its natural level. To raise the price of wheat artificially in these days of dear food would be class legislation and bad economics. It would be equally deplorable if wheat growers combined to restrict selling until they were paid what they demand. One hears of dairy farmers reducing their herds so as to create a scarcity of milk with the object of raising prices to levels which yield excessive profits. Limitation of output is as indefensible on the farm as in the factory.

The functions of the Board as to the 1919 crop were continued to the close of 1920 and afterwards so far as the reclaiming of Participation Certificates were concerned but the Government would not allow any control of the 1920 crop. During its existence the Board had great difficulties to overcome; its plan, as finally adopted, resembled closely the "pooling" method by Australia and worked out beneficially in the end; the powers given were wide and included control of the sale of wheat in the home market as well as for export and also the export trade in flour and, for the first six months of the crop season 1919, it controlled the millers' selling price for flour in Canada; it established an initial selling-price for wheat and gave Participation Certificates to the producers under which they were to receive at the end of the season whatever the pool would yield. It was created because the usual channels of trade were unable to function properly and because the chief grain countries or purchasing countries were under a system of Government control in this connection; it ceased operations because these external conditions had vitally changed.

Meetings of the Board or of special Committees at Winnipeg, Regina, Edmonton and Calgary, with sittings also at Montreal, Toronto and Fort William kept the members in touch with public feeling and conditions; the trail blazed by the Board was a new one for North America and even the Australian experiment had not really been tested; when wheat was high the farmers naturally wanted an open market and when it was low they wanted the Board to fix prices; transport conditions, American embargoes, fluctuating prices, opposing interests of miller and farmer, all added to its difficulties; doubts amongst the farmers and in a section of the press as to the value of Participation certificates caused considerable selling and the announcement of May 5 as to their being worth not less than 40 cents was for the purpose of checking this procedure. It may be added that the interim dividend which commenced on July 15 realized $38,000,000 by the end of October and that the price realized for the whole crop, based upon No. 1 Northern in store at Fort William was $2.63 per bushel; the farmers at shipping points averaged $2.50 or 25 cents more than the average paid for the same crop to the United States farmer—the price of bread, averaging, according to the Board of Commerce, 1½ cents less than was paid by the American consumer.

The Farmers in Politics; Formation of the National Progressive Party: Leadership of Mr. Crerar.

This was an interesting year in the history of the Agrarian movement in Canada; it was marked by the definite formation of a new political party which was Federal in scope and aimed at ultimate leadership of the House of Commons and control of the Government of Canada. In its inception, the Farmers' Party, as it was generally called in its early stages, was a series of Provincial units, organized to secure certain economic and local benefits for a membership which was entirely recruited from the farming class, and which operated under different names—Grain Growers in the West and finally United Farmers in all the Provinces but one.

The aims of these Provincial units differed in detail according to locality. In Ontario the United Farmers' organization was formed chiefly to remedy the evils, real or supposed, of rural depopulation, the drift to the cities, the alleged poverty of the farmer; in the Western Provinces, where depopulation was not an issue, the main objects were more profitable marketing conditions for the farmers' products and changes in the Tariff. These various organizations, were, at the close of 1920, loosely bound together for common action by the Canadian Council of Agriculture, which, during the World War, had acted, at times, in an advisory capacity to the Federal administration and had materially assisted in the campaign for greater production which characterized the later years of the conflict. In the Canadian West the idea of independent political action was seriously considered during 1919 and its acceptance greatly aided by the success of the Non-Partisan League, an agrarian organization in North Dakota and other Western States, which had shown the possibility of the farmer obtaining political power.

Then came the final impetus to the formation of an independent political party, operating from the Atlantic to the Pacific, in the success gained by the United Farmers of Ontario who had returned 44 members to the Provincial Legislature at the Elections of October, 1919. The resulting deadlock led to the task of administration being entrusted to a Prime Minister and Cabinet nominated by the Executive of the U. F. O. with the appointments subsequently ratified by that body in Convention assembled. The beginning of 1920, therefore, found men in most of the Provinces of Canada and, especially in the West, inspired by this unexpected turn of events to regard seriously the possibility of an Agrarian success in the Federal arena. In the first week of January steps were taken, through a gathering of inter-Provincial representatives at Winnipeg, to give definite shape to these political aspirations; and the entire year was occupied in efforts to give the new organization—which finally became known as the National Progressive Party—a far-reaching and comprehensive influence.

The first effort was directed toward arriving at some basis of common opinion and action—a task facilitated by the creation and acceptance amongst all the organizations, toward the close of 1919, of a National Platform of fiscal and economic policy* which was termed, for short, the New National Policy. It was hampered at times by the fact that the very essence of life in the various Provincial units had been independent action; and that many of those who had been instrumental in forming the Grain Growers Associations of the West were dubious as to the conversion of what had started as an economic movement into a political or partisan campaign. It must, also, be said that, though the National Progressive Party did achieve practical unanimity on fiscal and other Federal matters, the close of 1920 found some of the Provincial units taking diverse action on other questions—especially in the relation of the new Party to labour organizations and to existing Governments in the individual Provinces.

Eventually, and in order to secure a working basis, it was decided that the Party should confine its activities solely to Federal issues, leaving the various Provincial units to deal with local problems according to their own views of expediency. Although, in Ontario, Mr. Drury had formed an alliance with the Independent Labour Party, in Manitoba the Farmers declined an alliance with the Labour elements and decided to support the Norris (Liberal) Adminstration. A dis-inclination to unite with Labour, or to oppose the Liberal Government of Mr. Martin was also apparent in Saskatchewan. In Alberta, on the other hand, the United Farmers announced themselves as opposed to the continuance in office of either of the historic parties, and were equally adverse to a labour alliance. Indeed, it became clear during the efforts to perfect the Federal organization, that the idea of an Agrarian class movement, opposed to all other political parties, was more deeply entrenched in Alberta than in any other Province of Canada. In Quebec, the Maritime Provinces and British Columbia, the United Farmers' movement during 1920 attained considerable strength but their political action was not taken as organized units.

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*Note.—See Agricultural Section in 1919 volume for full details.

It was, perhaps, the success which the name "United Farmers" attained, in appealing to the sentiments of rural Ontario, that led the Grain Growers' organization of Manitoba to adopt the same designation in place of their original name and which prompted protagonists in other Provinces—Quebec, British Columbia, Nova Scotia, P. E. Island and New Brunswick—to adopt this name also. Generally speaking, the year 1920 was one of great expansion for the United Farmers' movement, and the total membership at its close had grown to an estimated total of 30,000 in Alberta, 40,000 in Saskatchewan, 15,000 in Manitoba, and 50,000 in Ontario, with 7,500 in the Maritime Provinces.* The increase in the year was about 15,000. This growth may be attributed, partly, to the optimism aroused by political victories, partly to the general desire of the farming class for a political action which might preserve, in some degree of permanence, the highly-profitable conditions enjoyed during the World War, partly to Western Free trade tendencies arising out of proximity to, and assimilation with, the people of the United States and their great home market.

The National Progressive Party came into official existence at a Conference called by the Canadian Council of Agriculture and held at Winnipeg on Jan. 6, with 100 delegates present from Ontario, Manitoba, Saskatchewan and Alberta and one representative from New Brunswick (G. Grassie Archibald). Amongst the delegates were R. W. E. Burnaby, J. J. Morrison, Lieut.-Col. J. Z. Fraser, T. G. Sandy, M.L.A., R. M. Warren, M.L.A., Harold Currie and J. W. Kennedy, M.P., of Ontario; Hon. T. A. Crerar, John Kennedy, J. F. Reid, M. P., Peter Wright, W. R. Wood, G. F. Chipman, Mrs. J. S. Wood, J. R. Murray and J. M. Pratt of Manitoba; F. W. Riddell, R. M. Johnson, John Evans, Hon. G. Langley, A. G. Hawkes, J. B. Musselman, Mrs. John McNaughton, W. J. Orchard, of Saskatchewan; H. W. Wood, C. Rice-Jones, Perceval

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*Note.—Information due to courtesy of Norman Lambert, Secretary of the Canadian Council of Agriculture, Winnipeg.

Baker, Rice Sheppard, Mrs. Irene Parlby, H. Greenfield, Mrs. G. F. Root, S. S. Dunham of Alberta. The Western delegates represented every Federal constituency in the three Provinces.

The Conference was presided over by Henry Wise Wood, President of the United Farmers of Alberta, and was addressed by various leaders of the Agrarian movement. J. J. Morrison, of Toronto, Secretary of the United Farmers of Ontario, to whom much of the success of his party at the polls in 1919 was attributed, received special attention as did the Hon. Thomas A. Crerar, M.P. for Marquette and until recently Minister of Agriculture. Mr. Crerar's *prestige* was increased by the fact that, as President of the United Grain Growers, Ltd., the Farmers' chief financial and commercial corporation, he had shown great business ability. It was decided that, in the interests of the projected party, any differences existing as to policy and constitution should be threshed out in private with a memorandum to be later handed to the press.

These differences were supposed to centre around the question of whether the new Farmers' party should be a class or group movement seeking public recognition for its special interests on the lines frequently enunciated by the Chairman, Mr. Wood of Alberta, or whether it should be a party of wider purpose seeking the franchises of all classes of the community, which was the view taken by Mr. Crerar. Ultimately, the stand of the latter was sustained and, at the close of the Conference, three Resolutions were issued for publication. They were prefaced by the declaration that the Farmers' organizations had long been struggling for better government in Canada; that the need had become very great for combined action to bring into effect the Farmers' Platform of of the Canadian Council of Agriculture; that this "New National Policy" was based upon "the greatest good to the greatest number of people living in Canada without regard to race, creed or occupation"; that it was "in no sense a demand for special legislation to benefit the few at the expense of the many" and that the Platform was not a "vocational class platform"; that the strength of the movement, so far, had been based upon and aided by Provincial machinery and organization. The actual Resolutions were as follows:

> 1. That we, the members of the Canadian Council of Agriculture, in conference with the accredited delegates of the Federal Electoral Districts of Alberta, Saskatchewan and Manitoba, and the representative of the rural districts of Ontario, do declare our intention of electing as many representatives as possible to the House of Commons at the next general election, who will endeavour to bring the Farmers' Platform into effect, and to this end invite the support and assistance of all citizens who believe in the principles enunciated in this Platform.
> 2. That this Platform shall be known in future as the New National Policy.
> 3. That political activities under the auspices of the organized Farmers' movement shall continue for the present to be conducted on a Provincial basis, according to any plans which the existing organizations may see fit to adopt.

The decision of the Farmers' representatives to fight in the Federal field was regarded as a momentous one by politicians everywhere, and the grant of complete freedom of action to various

Provincial organizations was recognized as the wisest course under the circumstances—especially as the suggestion of an alliance with the Independent Labour Party, along Ontario lines, had been discountenanced by the Western delegates in their statements to the press prior to the meeting. The Conference refrained from naming a Party leader, but from the outset it was understood that the honour would fall to Hon. T. A. Crerar as the most prominent of the small group of Agrarian members returned to the Commons in 1917 and which had since been slightly enlarged in numbers. An active propaganda to secure support for the new Party was at once embarked on, with the machinery already provided by the Canadian Council of Agriculture and Secretary—Norman P. Lambert of Winnipeg.

From this time on, and throughout the year, the chief point of controversy was whether the party should or should not develop into an economic class group. On all possible occasions Mr. Crerar, at first the putative and presently the official Leader, denied that such was the intention. But, on Jan. 22, H. W. Wood, who had made the United Farmers of Alberta financially the most powerful of all the Provincial units, up to that time, made the following statement to the Convention of the U. F. A. at Calgary: "We are now an economic group preparing to take political action. . . .To repudiate economic class organization would certainly be to repudiate the right of the U. F. A. to exist. If the Convention had refused to endorse the principal of group organization for political purposes, it would have repudiated its own action of last winter in deciding to take political action." A month later Mr. Wood gave an interview to *The Times* of Victoria, B. C., (Feb. 24) in which he said: "We want to be a great force in re-adjusting economic class relationship. Who is going to deal with these problems? The classes have got to deal with them. These problems will never be solved until they are solved by the classes themselves with each class represented by expert representatives."

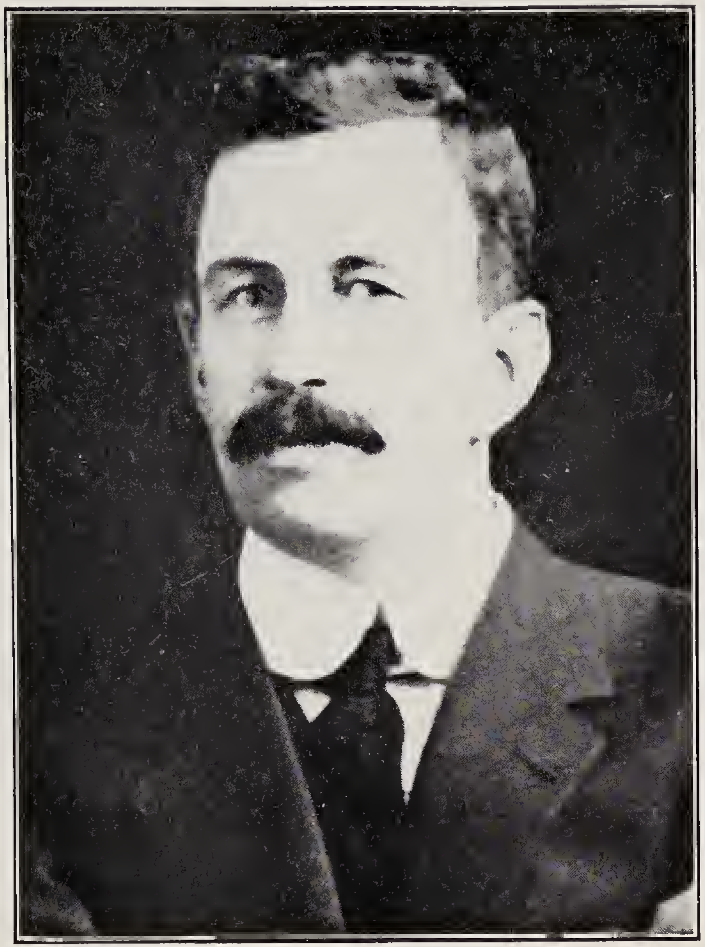
The discussion as to whether the new party was or was not a class organization, which thus arose at its inception, was debated in the House of Commons, and on almost every political platform in Canada, within the next few months. In the Resolutions above quoted, no definite information was given as to the public policies of the new party, save by endorsation of the Farmers' Platform of 1919, but Mr. Wood, in a *Manitoba Free Press* interview on Jan. 12, was explicit: "One of the chief things the Farmers have stood for all through the history of the movement is radical change in, if not complete removal of, the present fiscal policy; they maintain that a fiscal system that levies taxes in order that certain industries may be promoted, is morally and politically wrong." He maintained that such changes would be for the benefit of all classes of the community and that, therefore, the movement was not selfish or necessarily designed to favour a group or class.

Mr. Crerar's first public address, after the creation of the new party, was made on Jan, 22 at the U. F. A. Convention,—

also addressed by H. W. Wood as above; he outlined the Farmers' Platform and eulogized it as "The New National Policy for Canada." He condemned the management of Canadian Railways in the past and advocated a complete re-valuation of all railway assets in the future: "The whole thing should be gone over, their worth put down to a sound value and the difference written off to the Debt of Canada. When this has been done, these roads are placed in the position where they can have a fair chance to compete in the public business of the country." He denounced all proposals for compulsory military training and claimed that the War was won by the man in the factory and on the farm as much as by the man with the musket; he protested against the adoption of any Canadian Naval policy until the terms had been freely discussed by the Canadian people; he took the same view with regard to all proposals for closer Imperial relations. At considerable length Mr. Crerar also condemned the existing fiscal system and the protection of industries. Subsequently in addressing a meeting of the Schoolmasters' Club of Winnipeg, on Feb. 12, he held that Union Government had more to do with the formation of a Farmers' party than any other cause. Electors who had consistently voted for parties all their lives then, in the face of a national need, sank party affiliations and they, now, no longer felt obliged to live up to party traditions.

Meanwhile, the formal process of organizing the new Party as a Parliamentary group occurred on Mch. 3rd., at Ottawa, shortly after the Commons had assembled for its annual Session; a group of 11 Members from various parts of Canada, who had decided to support the new movement and had taken their places on what were known as "the cross benches," formed and held a separate caucus and constituted themselves an Independent Party. The Hon. T. A. Crerar was elected Parliamentary leader, with Dr. Michael Clark, M.P., of Red Deer, and J. A. Maharg, M.P., of Maple Creek, as lieutenants. Levi Thomson, K.C. (Qu'Appelle) was chosen Chief Whip and Messrs. J. F. Reid and J. W. Kennedy, Deputy Whips. Others present were Thos. MacNutt, and R. H. Halbert, O. R. Gould and T. W. Caldwell and J. F. Johnston. The Caucus decided to support or oppose the Administration as it deemed best and to take the initiative in opposition if thought advisable. On the afternoon of the same day, when the House met, the new group was subjected to attacks by members of both the old-line parties. W. F. Cockshutt (Cons.) attacked the Agrarian movement as dangerous because it proposed to set class against class and ignore the urban people; Arthur Trahan (Lib.) declared that such of them as were then in the House had voted in 1918 for the conscription of farmers' sons.

The first question the Progressives voted upon was a Liberal amendment to the Address in reply to the Speech from the Throne, which called for an immediate general election. At the preliminary caucus there was said to have been a difference of opinion because there was some feeling in the West—from which most of



The Hon. Thomas Alexander Crerar; M. P.
President of the United Grain Growers Ltd.
Elected Leader of the National Progressive Party in 1920

The Hon. Wm. Lyon Mackenzie King
C.M.G., M.A., PH.D., L.L.D., M.P.
The New Leader of the Liberal Party in 1920

Mr. Crerar's supporters came—that an election should be delayed until after a new Census and re-distribution of seats, which would, probably, give fuller representation to that section of Canada. It was decided, however, that in order to prove to the country that the new group was really an Opposition, the amendment should be supported. In his first Parliamentary speech as leader, which occurred on March 4th. Mr. Crerar paid a tribute to his former chief, Sir Robert Borden, and deprecated the idea that his support of Mr. King's amendment should be construed as a reflection on the Prime Minister; he held, however, that the work of the Union Government had been accomplished when Peace was proclaimed, and that it had now become that Government's duty to appeal to the country.

The major portion of his speech was devoted to an attack on the Protective tariff which he described as a form of state socialism. At the same time he was moderate in his expression of policy: "The question has been asked as to where will the revenue come from if we do away with the protective tariff? In that respect I have just this to say, that I am not at all sure that we would not get more revenue, for instance, out of woollen duties if they were on a basis of 15 per cent. than when they are on a basis of 30 per cent. But Agrarians—and I thank my Hon. friend from Brantford (Mr. Cockshutt) for coining that title for me—do not wish to sweep away the tariff at one fell blow as some people are trying to make out; that is not their policy. Broadly speaking, their policy is based on the principle that the implements and tools of production should be free and that the necessarises of life should be made as free as possible, and in that regard they ask for a substantial all-round reduction in the customs tariff."

On Mch. 23, the Canadian Council of Agriculture, the controlling force behind the new Party, held its annual meeting at Toronto with 4 Provinces represented and informal applications for membership from Provincial organizations in New Brunswick, Quebec and British Columbia (and, later on, Nova Scotia), which all were accepted during the year. R. W. E. Burnaby was elected President in succession to Mr. Wood and R. McKenzie of Winnipeg, Vice-President. The following Resolutions were passed: (1) Appointing a Committee to consider and report upon Rural Credits and agricultural banking conditions; (2) favouring amendment of the Canadian Bank Act to permit provision by the State for securing, under adequate guarantees, the use of surplus savings of the rural population for the financing and development of the agricultural industry; (3) urging publication of names of all contributors to political funds; (4) demanding an immediate and thorough Government investigation of the feasibility and practical worth of a graduated capital levy upon war-produced wealth and the larger aggregations of wealth, generally, as a means of early and substatial reduction of Canada's national Debt.

The importance of the decision arrived at in the Winnipeg Conference of January, to leave the Provincial organizations complete freedom of action, was demonstrated in April when a by-election for the House of Commons was held in the Ontario riding of Temiskaming. In this election the U. F. O. threw the weight of its organization and influence behind Angus Macdonald, an Independent-Labour candidate supporting Socialistic principles of a character opposed by most of the Western members. After a hotly-contested fight, Mr. Macdonald was elected over both the Unionist and Liberal candidates.

During the year a number of local Farmers' Conventions were held in Western constituencies and in many instances Resolutions were adopted providing for an unofficial form of "the Recall," whereby a candidate for Parliament, before receiving nomination, would place his signed and completed resignation in the hands of a Committee, to be forwarded to the Speaker of the House whenever the Committee deemed it desirable to call for his retirement or to precipitate a by-election. No occasion arose during this year to test the legality of such a resignation from the standpoint of Parliamentary precedent and procedure, but the subject was discussed in the Commons on Apr. 13 and May 5th. On the former date O. R. Gould, the new Party member for Assiniboia, said:

> We believe that with the Initiative and the Referendum you may have the Recall. That is one of the planks of our platform, it is one of the things we discussed in our Local. An agreement does exist between my Committee and myself. Forty per cent. of the number of electors who voted at my election may, if I refuse to do what this Committee asks me to do on the floor of this House—and that Committee must meet very often and find out what public opinion is in the District of Assiniboia—if they advise me and I refuse to do that they can apply the recall, and ask me to go back. In going back I have the right of appearing before the people and giving an explanation of my attitude. The Recall does not necessarily mean that they take the initiative away from me; in fact it is both implied and actually written in my agreement with the Committee that they do not wish to take the initiative away from me.

Incidentally, Mr. Gould acknowledged, and had published, by-election expenses of $6,677 and for this and the Recall admission he was strongly attacked by Unionist members. J. E. Sexsmith (Cons.) denounced the Recall as meaning that in this case Mr.Gould was not member for Assiniboia but for a Committee of 15. On May 5th, T. M. M. Tweedie (Cons.) moved an amendment of disqualification to the Franchise Bill, then under discussion, for persons who had " signed any agreement whether amounting to a resignation, a recall or otherwise, which would in any manner whatsoever limit the independence of such person in the event of his being elected member of the House of Commons." In speaking to this Mr. Gould stated that he only meant on a previous occasion that his Committee could compel him to return and explain—afterwards they could ask him to resign, but he had not given a written resignation. R. H. Halbert stated that he had signed no Recall agreement. D. L. Redman of Calgary stated that in American States where the Recall was in operation—with a petition signed by 25 per cent., usually, and sometimes 50 per cent., of electors as sufficient—it was frequently employed under camouflaged reasons to get rid of a mayor or official who had displeased dishonest elements in the community. H. C. Hocken and other Unionists wanted a copy of the Gould agreement; Hon. Mr. Fielding, Levi Thomson, and Dr. Clark did not approve the Recall but would vote against the amendment. Eventually the motion was negatived on division.

During the Budget debate and discussions on the Wheat Board the new Party faced a curious situation as to the latter subject. Many of its leaders in the West, including the Council of Agriculture, by means of three Resolutions passed during the year, favoured continuance of the Board. Mr. Crerar's attitude was expressed clearly, on June, 24 in the House when Sir George Foster asked power to continue the Board if necessary: "I am of the opinion that no very great harm can be done through this measure. Rather let me state it this way: it may be a provision against conditions arising of which we have no inkling now, to leave this power in the hands of the Government for another year. Personally, I am opposed entirely to any permanent policy that means the control of the marketing of grain in this country." H. H. Stevens and other members criticized the Progressives who supported the Wheat Board for seeking Government control of prices "as a measure of Protection to the farmer in a falling market."

Meanwhile, Mr. Crerar on May 31 had made a strong fiscal speech in the House. He declared that it was not the apparently adverse balance of trade which counted in the prosperity of a nation and quoted the London *Economist* as to many collateral factors—shipping freights, interest coupons, Insurance facilities, Banking power; he claimed that the domestic exports of Great Britain for the five years ending 1805 were £39,000,000 and for the five years ending 1850 £61,000,000, or an increase of about £22,000,000 in 50 years. That was under a protective policy. For the five years ending with 1900, the total domestic exports of Great Britain were £253,000,000 or an increase of no less than £192,000,000 in 50 years under Free trade, as against £22,000,000 in the 50 years preceeding under a policy of Protection. He contended that Protection in the United States had concentrated the money of the country in a few hands; as to exports being more valuable than imports, he pointed out that Great Britain, France and Germany, before the War, imported more than they exported. Russia, Brazil, India and Siam exported more than they imported but no one, surely, would claim that the latter countries were the most prosperous; he reiterated the well-known argument that the Tariff took out of the pockets of the people three or four times the amount it secured for the public revenue and enriched the protected interests by that amount.

The general line taken by Mr. Crerar and his supporters in opposing the Budget resolutions was that taxation bore most heavily on those least able to bear it. They, therefore, supported a motion calling for revision of the Tariff which was moved by Hon. W. S. Fielding, on behalf of the Liberal Opposition. The support given by the Progressive Party to the amendments of the Liberal Opposition, both in the debate on the Address and on the Budget resolutions, led to the hope among the Liberal group supporting Mr. Mackenzie King, that an alliance could be affected between the two parties in order to defeat the Government, not only in the House of Commons, but at a general election; the Progressives, however, gave no evidence of desire for any hard and fast alliance and their course, on the whole, indicated the resolve to maintain independent political action.

Inasmuch as the basis of the new party lay in its independent Provincial units which, in some Provinces were opposing the Liberals and in others acting in common with them, a definite agreement for mutual advantage was beset with difficulties. Nevertheless the Liberal press throughout Canada began to extend a hand of good-fellowship to the Progressive group in the Commons—which it had earlier withheld. Mr. Crerar thus, in the summer of 1920, came into possession of valuable and unsolicited journalistic support which gave a certain *prestige* to his new and still small party. It was understood during the Session that a Tariff Commission, headed by the new Minister of Finance, Sir Henry Drayton, would commence an enquiry into National conditions early in the autumn. It was necessary, therefore, that the Farmers' party should give specific form to its general objections to the prevailing fiscal system and this was done through the Canadian Council of Agriculture, as the controlling force in the Farmers' movement. There was inserted in the preamble to the Memorandum* laid before the Tariff Commission, Winnipeg on Sept. 14, the following statement:

> The Canadian Council of Agriculture is made up of the executive heads of six Provincial Associations of organized farmers, and of the executive heads of four of their commercial Companies. It is, in short, the Federal organization of the organized farmers of Canada, and its business is of a twofold character: (1) the Canadian Council of Agriculture carries on an educational work, which aims to cultivate amongst its members an intimacy with the social, economic and political problems affecting the Dominion as a whole; (2) the Canadian Council of Agriculture endeavours to attend in a concrete way to the commercial interests and material welfare of the agricultural industry, by dealing from time to time with such matters as costs of transportation, banking facilities, grain marketing and the customs tariff. It is in the second capacity of attending to the practical business interests of its constituency that the Council of Agriculture is represented before you to-day.

Meantime, the sudden growth in importance of the Farmers' party in Canada had aroused attention in the United States and Great Britain, and investigators in both countries were at pains to try and discover its aims and in what degree they differed from those of the other Party organizations which had existed in Canada for so many years. In September Mr. Crerar contributed to the Manchester *Guardian* a brief article entitled "The Farmers' Movement—A Review of its History and its Aims." The purposes of the Canadian Council of Agriculture were described in the following sentences: "A drastic reform of the Tariff policy including Free Trade with Great Britain within 5 years and enactment of a reciprocity treaty with the United States; public ownership of utilities; heavy increase of inheritance and income taxes; proportional representation; no changes in Imperial relations without consultation of the Canadian electorate; reform of the Senate; liberal provision for Soldiers' re-establishment; new policies of land settlement to compel speculative holders to sell at fair prices to cultivators; conservation of waterpower and mineral rights for the nation and the extension of co-operative agencies to cover the whole field of marketing—including arrangements with consumers' societies for the supplying of food-stuffs at the lowest possible rates and with the minimum of handling by middlemen."

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*Note.—See Agricultural Tariff Policy—Pages 123-6.

Late in the autumn a campaign was launched in the West to secure more adherents to the new party. Some of the campaign literature employed was based on the allegation that Mr. Premier Meighen had called the farmers "Bolshevists"—a statement which the Prime Minister absolutely denied.* By this time the new party had made it clear that its policy, with regard to the Federal Administration, was one of vigorous hostility. On Nov. 4th Mr. Crerar made his first platform speech, since his official selection as leader, at a public meeting in Prince Albert, Sask. He denied that the aims of himself and his followers constituted a "class policy," amplified his familiar arguments against Protection and declared the return of the Republicans to power in the United States to be a favourable occasion for the revival of the Reciprocity negotiations which had been defeated in 1911. He presented various arguments against Protection and pointed out that Britain, the only free-trade country, was the first to recover after the War; "Trade is the life-blood of the country, and I cannot see the use of putting up bars against the importation of goods and at the same time sending Trade Commissioners all over the world to drum up trade for Canada. Imports pay for exports. Why check imports and hope to build up exports?" Farmers were as much justified in asking a bounty on every bushel of wheat as manufacturers were in demanding protection for their products. He denied that Canada had the lowest Tariff in the world, after Great Britain, and quoted these figures based on 1918 trade returns:

	United States	Canada
Total imports (dutiable)	$ 827,460,031	$543,341,522
Free goods	2,118,599,372	420,202,224
Total duty collected	179,998,383	161,577,600
Average duty: on all imports	36·28%	16·7%
Average duty: in dutiable goods	21·75%	29·7%
Average duty *per capita*	$1.70	$19.32

No intimation was given as to any understanding with Mackenzie King and the Liberals, but of the Liberal leader Mr. Crerar said: "While I do not agree with some of his ideas, the true spirit of Liberalism was in evidence when Mr. King said that the efforts at political recognition on the part of the Farmers and Labour were to be welcomed rather than discouraged. That is the true spirit." With regard to his former colleague, Mr. Meighen, he said: "We may have our differences in public policy, but it surely is not necessary for the Prime Minister to throw the shadows of distrust abroad so as to confuse the issue. Rather is it necessary to clarify the issue if we wish to arrive at a sound solution of these questions." At North Battleford on the 5th Mr. Crerar in referring to the Farmers' Platform, said: "I challenge any man to point out anything in that platform which is of a purely class nature—which asks any special privilege for the farmers." He again alleged that Mr. Meighen had slandered the Farmers' party by saying that there were "wreckers" abroad in the land, and described the Prime Minister as "the chief bogey man in Canada."

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*Note.—See Mr. Meighen's speeches in the Government Section of this volume.

This period was marked by special activity in the ranks of the new party and in Western constituencies considerable pressure was brought to bear on certain Members to leave their accepted leaders and go over to the "cross benches" with Mr. Crerar's following. There was, also, a canvassing of the situation to see whether a Farmers' group could not be formed in the Senate of Canada, with Senator J. G. Turriff of Saskatchewan, Senator W. C. Edwards of Ottawa, and Senator Irving Todd of New Brunswick—all, supposedly, of Free Trade and known Liberal leanings—to form the nucleus of such a group. Since the general trend of Agrarian teachings was inimical to the continued maintenance of a second Chamber in its existing form, at any rate, no definite arrangement was come to.

The most important test of the vitality of the new party, as a factor in Federal politics in the older sections of Canada, that had as yet been afforded, occurred in November, when a by-election was held in the Ontario Riding of East Elgin. The Government forces, which had abandoned the title "Unionist" for that of the National Liberal and Conservative Party, the old-line Liberals, and the National Progressive Party all placed candidates in the field. Although none of these candidates were of special eminence, the fight was of a nature to bring all the more notable political leaders of the three parties into the field. Mr. Crerar came from the West to deliver several speeches. He intimated that no radical action for the destruction of existing conditions in the manufacturing industry would be attempted by his party, should it obtain power, and defined his position at Port Burwell on Nov. 16, in these words: "The Tariff cannot be swept away in a night, because serious disturbances would follow, but we can work with its abolition as a definite object." In the same speech he pointed out: "Because we must sell much of our products abroad, we must bring goods back in exchange. This is what constitutes international trade. This trade should not be blocked by a high tariff wall."

At Aylmer on Nov. 17, he dealt with the Farmers' taxation proposals to replace reduced tariff duties: "Our policy is a taxation on the unimproved land. We have it in our Western Provinces, and Saskatchewan will raise 1 1-2 millions in this way. The object is to force speculators in land to cultivate it themselves or so reduce it in price that others will purchase and make use of it. In my opinion, however, the tax on unimproved land should be left to the Provincial rather than the Federal Government."

In another connection he added: "As a result of our tariff policy, rural population has decreased instead of increased. It is all moonshine that we must have great cities in order to consume our products at home. Our greatest market lies outside. We are told that we need protection against cheap foreign labour, and in the next breath we are told that our chief competitor is the United States, where the wages are higher than they are here." When the polling took place on Nov. 22, it was found that the Agrarian candidate, S. S. McDermand, had been elected by a substantial majority over both the Government and Liberal candidates. This was the first real success scored by the new Party as a Federal force. Mr. Crerar's speeches during the East Elgin campaign were marked by a moderation which was generally commented on. At Swift Current, Sask., on Nov. 22, he, however, denounced Protection as illogical and fallacious and observed: "I want to see the manufacturers of Canada thrive, but I want them to stand on their own feet and not rest on my back and yours."

Meanwhile, the Canadian Council of Agriculture had met in Winnipeg on July 13-14 and heard President Burnaby's report on the proposed Animal Diseases Eradication Board and passed Resolutions (1) urging the Government to re-appoint the Wheat Board for the purpose of marketing the 1920 crop and (2) declaring that in normal world conditions a system of voluntary co-operative marketing under the control of the participating producers and involving a pooling of returns would be the most desirable method for marketing wheat and other farm produce. A lengthy discussion took place as to the political situation and the advisability of establishing a Central Committee for the purpose of co-ordinating the political activities being carried on by the organized farmers in the different Provinces. It was decided, however, to leave matters as they were.

Another meeting took place on Oct. 21-22, and passed Resolutions as follows: (1) urging continuance of the system in operation during recent years of the shipment of seed grain at reduced rates on the C. P. R.; (2) endorsing the request of country Elevator companies for increased handling charges; (3) reiterating the appeals of January and June for continuance of the Wheat Board and urging its re-appointment of Messrs. Stewart and Riddell; (4) appointing a Committee of three—H. W. Wood, F. W. Riddell and J. R. Murray—to enquire into the feasibility of further development of the Farmers co-operative agencies in marketing the Canadian wheat crop. On Dec. 7, the following Resolution was adopted: "That the Council of Agriculture recognizes the third Parliamentary group in the House of Commons as the present Parliamentary exponents of the New National Policy, and gives its full endorsation to their action in choosing as their leader the Hon. T. A. Crerar, and commends him as national leader to all Provincial organizations."

Earlier in the year delegates had been appointed from the Council to attend a Convention of the National Board of Farm

Organizations of the United States, which opened in Chicago on May 12, with a view to forming an international alliance between the Canadian Progressives and the Farmers' parties of the various States of the Union. Among the delegates who went to Chicago were R. W. E. Burnaby, President of the U. F. O., J. J. Morrison, Organizing Secretary of the U. F. O., and Norman Lambert, Secretary of the Canadian Council of Agriculture. There seemed to be an opinion abroad at the Convention that the proposed appointment of a Canadian Minister at Washington would help to further such an alliance and Mr. Burnaby was quoted as saying: "The purposes of farmers of both countries is identical, and as soon as we get the co-operation of the new Minister to the United States, we will call a special meeting and formulate plans to combine our organizations."*

On his return from Chicago Mr. Lambert published a report of the negotiations in the *Agricultural Gazette of Canada*. He pointed out that the Chicago meeting was a preliminary contact between the Executives of the two organizations and that the chief Resolution—signed by representatives of the two bodies—was as follows: "We recommend the establishment of an International Committee representing the organized farmers of the United States and of Canada." The purpose of this Committee, he said, would be to examine and discuss questions arising between Canada and the United States, which were calculated to affect friendly relations between the two countries. This Committee might also properly look into all practical matters bearing upon the economic and social welfare of the farmers of North America, to the end that Agriculture on this continent be placed upon a self-sustaining basis. He added that the Report of this Committee, if made and approved at the next meeting of the Canadian Council of Agriculture, would be the commencement of the new international organization which should become, in time, a strong agency for the solution of the practical problems which the rural people of the two countries had in common. The other points taken up at the Conference were described as follows:

1. Possibility of establishing an International Board of Agriculture representing the organized farmers of the United States and of Canada. The purpose of this Board would be to examine and discuss all questions arising between Canada and the United States, which would be calculated to affect friendly relations between the two countries.

2. Question of cutting down expenditures now being made on military and naval equipment. This would involve the attitude of the organized farmer of the United States and Canada towards militarism.

3. Relationship between agriculture and labour.

4. The question of a fair return to the farmer for his work of food production. This introduces the variable quantity known as the costs of production, and what might constitute a fair basis for estimating a dividend for the farmer upon capital investment.

5. Economic relations between the farmers of the United States and of Canada.

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*Note.—Despatch from Chicago in *Manitoba Free Press*, May 13, 1920.

By the time the Council of Agriculture met in December at Winnipeg, most of the farm organizations of the United States were actively supporting the Fordney Bill for the partial exclusion of Canadian agricultural products from the Republic and further action along the line of alliance was held up for the moment. A last important event of the year in respect to the new party was a "programme speech" by Mr. Crerar, in acknowledgement of the ratification of his leadership, at a great public meeting in Winnipeg on Dec. 10, where the Hon. E. C. Drury, the Farmer Premier of Ontario, also spoke of his experience in carrying on government during the previous 12 months. He alleged that in the past, under the operation of the old two-party system "passion was allowed to rule in Canada, and not reason." He also referred, indirectly, to the policy of the Council of Agriculture, which aimed at keeping Federal and Provincial issues apart: "I am tongue-tied to-night, because I cannot discuss Federal issues, but I think the great issue before the people of Winnipeg and of Canada, generally, is that of securing Governments which they can trust to do the right thing for the people as a whole."

In his speech Mr. Crerar recited the chief principles of the Farmers' Platform and dealt, especially, with the Tariff; he placed himself on record as favouring control of their own natural resources by the Prairie Provinces. On the fiscal issue, he declared that: "Our eyes are fixed ultimately on the goal of the elimination of Protection as a principle in our fiscal policy; that is the goal. But we will get to that goal by stages, making it as easy as possible for the Canadian manufacturer to re-adjust himself to the new conditions." As in all his speeches throughout the year, he repudiated the charge that the new party was a class movement aiming at class domination and the speech as a whole greatly pleased the *Manitoba Fress Press.* This journal—the most influential of Western organs—gave the new Party another success in its steadily growing area of support.

In its issue of Dec. 3rd, the *Free Press* said of the National Progressive Party: "In its origin this was, of necessity, a class movement; but in even their most militant class mood the farmers never aspired to imposing their rule upon the people of Canada. But, as anyone must see who does not artificially blind himself, the movement is rapidly evolving from the class stage to the status of a true political party with a Dominion-wide programme and a National vision. In the re-adjustments and allignments of the future, this movement will be an integral part, probably the foundation stone, of a great National political party which, whatever its name, will be in its policies liberal in the true acceptance of that often ill-used term." After the Winnipeg speech of Dec. 10, the journal, on the 13th, compared it with utterances delivered in the same hall a short time previously by the Dominion Prime Minister and Mr. Mackenzie King and claimed that the new Leader reached a higher altitude and displayed a broader outlook. But, it added:

> They (Mr. Crerar and Mr. Drury) are, themselves, superior to class feeling; they know that the new poltical movement cannot become the agency for the carrying out of great National policies for the good of the country unless it becomes truly national in character; and they are confronted with the problem of converting associates who take a narrower view to a willingness to co-operate with them in lengthening the cords and strengthening the stakes of their habitation. Upon their success in this really depends the future of their movement. There is undoubtedly a great opportunity at hand for the massing together in a mighty movement of all the liberal and progressive elments of the Dominion; and it will be very unfortunate if, through narrowness of vision or pettiness of feeling, it is not realized.

The Farmers and The Tariff; Official Statements and the Tariff Commission.

The position of the Farmers' organizations became in 1920 a political issue; it still remained, fundamentally, an economic and fiscal one. Their views were, on certain questions, uniform in expression and based upon clear-cut and oft-expresssed principles and reasons; on other questions, there were differences of opinion or shades of opinion. The problem of rural depopulation was one of the latter; it was made a serious issue in the Ontario propaganda of the U.F.O., but in the West, where there was a steady influx of American farmers and British settlers, the subject was negligible; many of the Western farmers knew from experience, however, that it was a real problem in a number of the States of the Union.

Speaking on this subject at Smith's Falls on Mch. 26, J. J. Morrison, Secretary of the United Farmers of Ontario, dealt with the continued decrease of rural population in various Ontario counties over a term of years, described it as an appalling condition of affairs and declared that the population of a country was made up of two classes—the wealth producers and the wealth exploiters. He claimed that the situation was due to the boy in the city making more money, working fewer hours and having a better time than the boy on the farm: "The farmer is a labourer, not a business man." His cure was a lessening of the cost of production, and of the cost of distribution, with freer trade. The value of the home market was one of the ever-present issues in this as in all past Canadian discussions of the Tariff. The fact that the current production and prosperity of the farmer made, in the 12 months ending Sept. 30, 1920, an export possible of $182,753,000 worth of wheat, $60,525,000 worth of flour and $56,398,000 worth of milk and its products was adduced as evidence that the foreign rather than the home market was the most important consideration—*Farmers' Sun*, Nov. 6.

Another question was the experience of Great Britain and the allegation of protectionists that, under Free-trade, agriculture had decayed in production, prosperity and population—the Ottawa *Journal* of Oct. 8 claiming that while the value of farmlands in England went down under Free trade by nearly $8,000,000,000 the United States, under Protection, multiplied the value of its farm-lands by $22,000,000,000 while Canadian farm-lands showed an average increase of 75 per cent. On the other hand in the *Grain Growers' Guide* of July 21, J. A. Stevenson produced elaborate figures which appeared to show that while the total males engaged in British agriculture had, between 1881 and 1911, decreased from 2,363,331 to 2,142,635, the production of wheat in the United Kingdom had averaged in 1901-05, 28,700,000 bushels and in 1911-14, 33,400,000 bushels—though barley and oats had decreased; that in wheat, during these periods, the percentage of production to estimated consumption had grown from 20 to 22 per cent.; that in the ten-year periods 1886-96 and 1906-15, the growth of wheat in bushels per acre had grown from 28.83 to 32.23, of barley 32.97 to 33.98, of oats 39.14 to 42.37 and beans and peas in similar proportion.

Tariff Statements of the Council of Agriculture. The Tariff Commission of 1920, however, concentrated upon itself all the best and strongest arguments which the free-trader, the protectionist and the moderate man, in between these two elements of thought, could bring to bear. Each Province presented its particular points in the matter and each Farmers' Provincial organization put its best statement forward; all of these were woven together in one united argument by the Canadian Council of Agriculture and presented at the Winnipeg session of Sept. 14, by H. W. Wood, President, and Norman P. Lambert, Secretary, Sir Henry Drayton, Minister of Finance and Chairman of the Commission, with Senator G. D. Robertson, Minister of Labour, were the Commissioners present. After describing the composition and objects of the Council of Agriculture and the origin of what was now termed the New National Policy for Canada or, in other words, the Farmers' Platform of 1919, it was stated that wage-earners, artisans, professional men and trades-people were affected, equally with the agricultural classes, by the fiscal system which prevailed in Canada, and that they were just as much interested as the farmer in economic and social reforms: "In other words, while the demands set forth in the Farmers' Platform are those of working farmers, they are made also with the welfare of the whole country at heart."

The policy was declared to be based upon the fact that agricultural land was Canada's richest natural resource; that the bulk of it lay in idleness and waste; that the Dominion's greatest need to-day was people to live and work on the land. It was suggested that the fiscal policy of Canada's future Governments should aim at reducing the customs tariff to a strictly revenue basis; production and trade were said to have been forced into narrow, unnatural, and uneconomic channels through the application of Protective duties, thereby development of vast supplies of natural wealth had been retarded. The next point made was this: "Not only do the farmers pay tribute, in nearly every article of clothing which they buy, to the Textile manufacturers of Canada, but the urban dweller knows only too well that he is affected in like manner. Furthermore, there are some 3,000 smaller manufacturers who come between the Canadian consumers and the few big manufacturers of the materials which enter into the manufacture of such articles as shirts, blouses, and white wear of all kinds. These 3,000 smaller manufacturers pay their tribute upon the protected goods."

Another and often urged argument was that of farm implements: "The farm implement industry in Canada has no claim whatever to protection, either on the basis of being an infant industry or upon the necessity of preserving for itself the home market. On the other hand, freedom to import implements of agricultural production into this country from any other country would mean increased production from the land, and an economic benefit to the whole Dominion." The fundamental basis of the whole economic point of view was given as follows: "To maintain an increasing volume of exports would be one wholesome method of dealing with the question of national indebtedness. The agricultural industry of Canada to-day is responsible for maintaining, year in and year out, the vast bulk of the exports which are shown in this country's record of trade and commerce. It is most essential that this record should not only be maintained but increased if possible. It cannot be increased to any appreciable degree unless the fiscal policy of the Dominion in the future is founded upon the truth that the economic and financial welfare of Canada is to be worked out, not so much in our factory towns and cities as in our settled and unsettled rural districts."

As a taxation to replace the revenue lost, the Council first suggested a Conference, called under the auspices of the Federal Government, with the Treasurer of every Province and of every large municipality in the Dominion. That Conference should endeavour to divide fields of taxation so that there would be the least possible over-lapping and an equitable division in taxation between the Dominion, the Provinces and the municipalities. The statement quoted the Farmers' Platform and recommended as sources of revenue the graduated personal income tax, the graduated inheritance tax on large estates, the graduated income tax on the profits of corporations and a direct tax on all unimproved values of land, including all natural resources—with emphasis upon the Income tax which should yield, it was said, a revenue of $200,000,000.

In order to complete, here, the summary of opinions and policy of the Council of Agriculture and of the National Progressive Party which it represented it may be added that after a month's tour of the West, the Tariff Commission was in Winnipeg, again, on Oct. 14 and that a further and more elaborate official statement was presented by the Council. The first point dealt with was the argument of the Canadian Manufacturers' Association in their preceeding statement to the Commission as to the value of the home market to the farmer. Denial was given to the claim that 80 per cent. of the total product of Canadian farms was consumed within the country and 50 per cent. was asserted to be about the proportion; it was arrived at by deducting from the gross production of $1,975,000,000 in 1919, not only the agricultural exports of $315,000,000 but also $525,000,000 as the value of feedstuffs for the animals concerned and $357,000,000 as the estimated consumption on the farms. The next point, as to the growth of Canada under a Protective Tariff, was admitted, but it was declared to be "a growth of urban centres and factory life, not the growth of farming districts and rural life." The depletion of Canadian population was then dealt with and special reference made to Ontario conditions:

> In the Annual Report of the Commissioner-General of Immigration of the United States for the fiscal year ended June 30, 1919, the statement is made that as early as 1850, there were 148,000 natives of Canada included in the population of the United States, and that by 1910 the numbers had increased to 1,205,000. Then, during the years 1910-19, the total immigration from Canada to the United States, including returning American citizens, was 1,288,000 or, altogether in the past 50 years, almost two and a half million people.

As to Ontario, between 1901 and 1911 the urban population had increased 392,511 and the rural population decreased 52,184; in Quebec the rural population increased only 39,951 while the urban grew by 314,383. In the West the same tendency toward the cities was shown and, while the manufacturers claimed it as an evidence of industrial growth, the farmers in this document deplored it as an indication of increasing agricultural weakness. In the Census of 1911, the urban population of Manitoba, Saskatchewan and Alberta was shown to have increased 92 per cent. during the previous 10 years, as compared with an increase of only 52 per cent. in the rural districts. For the whole of Canada the latest figures were said to show 45·5 per cent. of a rural population as compared with 78·9 per cent. in 1881.

The argument then switched off to the great industries built up by the Tariff and especially such alleged "monuments" of fiscal policy as the Dominion Textile Co., Ltd., with its control of 26 mills, its merger and organizing efforts, its alleged "water-stock" and large profits. Reduction of the Tariff was urged in order to increase the revenue; the argument that United States prosperity had been created by its protective policy was met by the statement that agriculture had been drained of its life-blood until, in 1912, only 35 per cent. of the American population was rural; the argument in favour of a fairly high Customs tariff in order to raise revenue was countered with the fact that in the United States with its high duties only $179,000,000, in 1919, was raised by Customs taxes out of nearly $1,000,000,000 while in the United Kingdom £650,000,000 were raised by Income and other direct taxes.

The alleged selfishness of Protection was denounced and the example of Germany as a protectionist country quoted; the importance of reducing overhead charges to the very minimum,if the agricultural industry was to prove sufficiently attractive to induce the settlement and development of wide areas, still idle and unpeopled, was emphasized; the Income tax policy was strongly approved, and it was again asserted that the Government should find it possible, through a direct tax on personal incomes and business profits, to raise at least $200,000,000 yearly instead of the $64,000,000 which was raised by the Dominion from these two sources in the past year—Australia and Great Britain were cited as examples of success in this respect. The statement was presented by Norman P. Lambert, as Secretary of the Canadian Council of Agriculture.

The Alberta Farmer and The Tariff. All through the West the contention of the individual witnesses, as well as of the official statements from Farm organizations, received by the Tariff Commission during this tour, were pessimistic as to agricultural conditions, returns, and prospects—unless the Tariff was changed; everywhere the manufacturers were blamed and criticized—except in their own carefully-prepared statements.* At Edmonton early in October, P. E. Baker of Ponoka, W. T. Lucas of Lougheed and Andrew Rafin of Bon Accord, testified along these lines while the point of view of the Provincial Government—which, in the main, was that of the Farmers—was presented by Hon. Duncan Marshall, Minister of Agriculture, who declared that a reduction of the duties on clothing and woollen goods would be a great encouragement to people in a country which sometimes knew rigorous winters. It was, he claimed, impossible for the farmer to buy in the cheapest market when woollen manufacturers were protected to the extent of 25 per cent.: "Alberta farmers have to compete, for instance, in the open market for the sale of their goods. All that they ask is that they have the privilege of buying implements of production in the same manner. The reduction of the tariff burden will enable them to prosper, while the increase of imports will bring revenue to the Dominion treasury and a quick means of securing this increase will be to remove the tariff on farm implements." He concluded by asking that the tariff be put on a purely revenue basis, and the element of Protection deleted.

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*Note.—See Tariff and Industry in Industrial Section.

The official Agrarian views were presented at length, and with his usual ability, by H. W. Wood, President of the United Farmers of Alberta, at Calgary on Oct. 4. After a brief study of economic laws and conditions from his special standpoint, Mr. Wood declared that Canada had not been developing along sane, normal, lines and added: "Agriculture has not been fostered to a degree commensurate with its natural and national importance. Burdens have been imposed upon it, the carrying of which have weakened its vitality. Strenuous efforts have been made, against the natural laws of development, to force abnormal development of other interests to primary positions. In the case of the manufacturing industry you have evidence given by the Manufacturers' Association that that industry is dangerously near to being abnormally forced to the primary position and agriculture starved to a secondary one."

He then argued at length that such great industries as that of the Massey-Harris firm did not require protection and that the recent statement of its President, Thomas Findley, to the Commission, showed (1) that most of their trade was foreign; (2) that by far their greater percentage of profits came from foreign trade; (3) that foreign competition was less keen than domestic competition; (4) that they made more profit, in the domestic market at least, on unprotected articles than they did on articles bearing protection. As to the general situation, he said: "The farmers of Canada do not believe in destruction, and do not ask for any destructive measures. They do not ask that a leak be forced in the stern to offset one already in the bow. They want the whole ship watertight."

The Saskatchewan Farmer and the Tariff. Another elaborate Memorandum was presented at Regina on Oct. 10 by Hon. George Langley, M.L.A., Member of the Provincial Government, on behalf of the Saskatchewan Co-operative Elevator Co. and its 23,000 farmer shareholders. He expressed full endorsation, on their behalf, of the National Platform of the Council of Agriculture, which he summarized as follows: "An increased number of articles on the free list; substantial reductions in the general Tariff; further preference to Great Britain, looking to possible Free trade within the Empire; free exchange of natural products with the United States." It was said not to be a Free trade policy, although interested and unscrupulous persons might declare it to be so. It was not a Tariff for revenue, as it contemplated a possible loss of revenue and was followed by proposals for making good any loss the revenue might suffer. To enforce his argument against Protection, Mr. Langley claimed that while less than 10 per cent. of Canada's boot and shoe supply was imported, the Tariff enabled Canadian boot manufacturers to charge the 42 per cent. on what they produced also; so that, while consumers paid a price raised by the Tariff 42 per cent., less than one-tenth of this advanced price went into the Dominion Treasury—the remainder going as a bonus to the Canadian boot manufacturer! As to general Tariff conditions he made this assertion:

> We suggest that to continue the Tariff in anything like its present form is a direct contradiction of the purpose of those who originated the protective Tariff. Its purpose was to build up and establish manufacturing industries. To bring this about the consumers were asked to endure the higher prices entailed. There is no sense of proportion in giving to an industry fully established, the same assistance that was given to it when it was striving to secure a foothold. We suggest to you that profits secured to any industry by an unjust law are like a gambler's gains, easily diverted to improper uses. The revolt of the farmers against both traditional and political parties is due, in part, to the widely-held belief that each has been bonused by the protected industries, and so, indirectly, bribed to uphold Protection.

The Hon. W. F. A. Turgeon, Provincial Solicitor-General, read to the Commission various Resolutions of the Legislature, passed since 1911, denouncing Protection or urging Reciprocity, declared the unanimous opinion of Saskatchewan and its Legislature to be against the Tariff, and quoted the 1920 Resolution of the House as embodying present opinion. It proposed an immediate and all-round reduction of the Customs tariff, the placing on the free list of all foodstuffs included in the Reciprocity Agreement of 1911, and of all farm implements and machinery and various other articles of daily use on the farm; the reduction of the duty on wearing apparel, footwear and other articles of general consumption and on such raw materials as entered into the manufacture of the same; the placing of an obligation on all corporations engaged in the manufacture of tariff-protected products to publish an annual statement of their turnovers and earnings; a public hearing before a Special Committee of Parliament as to every claim for tariff protection made by an industry. He declared that a reduction of existing duties by one-third, on the average, was the minimum which would satisfy the farmers of the West. This reduction need not be uniform, but he thought the tariff on boots and shoes, wearing apparel, blankets, underclothing and other textiles could be shaved down to 10 per cent.

W. G. Orchard, J. A. Maharg, M.P., A. G. Hawkes, R. M. Johnson, leaders of the farmers and of agricultural politics, endorsed the views expressed by Mr. Turgeon and Mr. Langley—whose evidence had been more detailed and less general than that of many agricultural representatives before the Commission. Here a farmer appeared who created a diversion by advocating Protection—William M. Ramsay—on the ground that the market for farm produce improved in prices and convenience as the factory town grew in size and prosperity. Two days before this, at Saskatoon, the Saskatchewan Grain Growers' Association submitted the following recommendations as to the Tariff: (1) The placing of all foodstuffs on the free list and the removing of the import duty from lumber, cement, gasoline and kerosene, agricultural implements, farm machinery, vehicles and fertilizers; (2), a general reduction of the import tariff with a view to making all industries self-supporting and competent to produce at world values; (3) Tariff artificial assistance, if continued, to be by open and direct methods, making its cost fully evident; (4) that as rapidly as feasible direct methods of taxation be substituted for indirect; (5) that, above all, the need for national revenue should not be exploited for private gain. At Brandon, Man., on Oct. 13, an interesting witness was J. L. Brown, a farmer living and farming just north of the United States border for 32 years and keeping, during all that time, careful note-books of prevailing and comparative prices, north and south of the Line, for grain, farm implements and household goods. From this record he was convinced that the Tariff had cost him on implements, alone, an average of $250 a year.

Fiscal Views of the Pacific Coast Farmer. The above was the Prairie farmers' view of the situation; that of the Pacific Coast and of Quebec and the Atlantic Coast Provinces was somewhat different. At Victoria on Sept. 22, the United Farmers of British Columbia presented opinions which may be summarized as follows: (1) That free trade and protection offered an interminable case for argument on both sides; (2) that it was impossible for anyone who took the trouble to study both sides to make out a good case for either; (3) that the injection of the Tariff into the political field was a lamentable but apparently necessary evil, owing to the facility it offered for raising revenue, and its appeal to self-interest; (4) that it was the abuse of the fiscal privileges accorded by either side which caused most controversy; (5) that in all countries which had a large surplus of food products for export the producer or farmer was naturally a free trader for all his surplus products; (6) that in those countries that imported a large quantity of food products, most of which could be produced in the importing country, the farmer was naturally a protectionist; (7) that, in consequence, no comparison between such countries as Great Britain and Canada on the general principle was possible or profitable; (8) that whatever changes were made in the Tariff affected the revenue of the country, and that any reduction in the revenue must be made up from other sources.

Representing, as they did, so many fruit farmers, this organization wanted protection against American fruit competition in general and, in particular, against the resumption of dumping of foreign fruits on the Canadian market at less than cost of production, which they considered certain to recur. They also recommended that a Tariff Board be appointed similar to the Railway Board, and that the farmers be represented thereon; with a view to meeting the reduction in revenue following Tariff revision, they urged that the Commission should consider the possibility of raising revenue from the protected manufacturing industries by imposing on such industries a *pro rata* tax on their net profits, equal to the amount of protection afforded. The official attitude of the B.C. Fruit Growers' Association was outlined at Vernon by R. M. Winslow, formerly Provincial Horticulturist, who declared that the Growers wanted the Western Canada market preserved for them so that, with the constant encouragement of a large market at stable prices, the rapidly-developing industry should not be discouraged as it would be if the lower grade apples of Oregon and Washington could be sold, in years of over-production, at below cost.

The Atlantic Farmers and Quebec. In November and December, the Tariff Commission received elaborate Memorials from the United Farmers of the Eastern Provinces. That of Nova Scotia was presented at Halifax on Nov. 8 by H. L. Taggart, President of the United Farmers of that Province. He claimed that locally there had, during 25 years, been no substantial growth in agriculture—the cultivated area being 723,825 acres in 1890 and 717,466, according to the Census of 1911; that the rural population between 1900 and 1910 had decreased 23,981and that the reasons farmers left the farms were: (1) inability to pay city wages; (2) more money to be made in the cities and (3) great difficulty in making a living though working much longer hours than any other class in the community. He declared that while many in Nova Scotia desired a general reduction in the Tariff they did not want the duty removed from apples and other fruits; he asked for lower duties against United States products to avert the possible imposition of higher duties in that country and urged Reciprocity in natural products. No reference was made to free trade or unlimited reciprocity; the policy advocated was one of reduced tariffs on articles of necessity for the Nova Scotia farmer.

The United Farmers of New Brunswick presented their case at St. John on Nov. 9 through T. W. Caldwell, M.P., President; it commenced with endorsation of the Platform of the Canadian Council of Agriculture—reduction of general tariff, free trade with Great Britain in five years, unrestricted reciprocal trade in natural products with the United States and no discrimination against Great Britain. He emphasized the need for reduced duty on agricutural implements: "In the first place, the New England States are our natural market for our surplus of farm products—I believe that about 90 per cent. of the marketable surplus raised in New Brunswick is marketed in the United States—and the fact that our fertilizer costs us 10 per cent. more than our American competitors owing to the duty, and that the duty affects the price of our farm machinery in the same way, makes it practically impossible for us to compete with the American farmer in his own market." He claimed that the following differences—taken from an American firm's list—existed in certain prices between New Brunswick and Maine, U. S.:

	N. B.	Maine
6-foot Mower	$ 97.50	$ 90.00
10-foot Rake	57.00	52.00
5-foot Reaper	134.00	125.00
9-foot Land Roller	77.50	60.00
6-foot Binder	258.50	235.00
6-foot Potato Sprayer	245.00	185.00

J. Frank Reilly, a Westmoreland farmer, testified at length and claimed that there were 1,344 unoccupied farms of 192,800 acres in the Province. The United Farmers of P.E. Island, at Charlottetown, presented, through President J. A. Dewar, M.L.A., a careful Memorial which first drew attention to the Island being essentially an agricultural Province with only 2 per cent. engaged in manufacturing, and then pointed out that the rural population was declining and the urban not increasing; declared that the Tariff had done nothing for the people of the Island because their trade was largely with countries other than Canada; declared that its agricultural machinery, its implements, its clothing and building material and practically everything purchased were enhanced in price to a greater or less extent through the Protective tariff. Reduction was asked for and better Railway facilities.

The United Farmers of Quebec, though only recently organized and not very strong in numbers, presented at the meeting of the Commission in Montreal (Nov. 17) through A. H. Clement, President, an elaborate statement in favour of reduced duties—"a general lowering of tariff on all the articles required for the cultivation of the soil and for the support of the family." The average present tariff on articles essential to agriculture was stated as 21 per cent. This average rate was too great for the country's industries: "They can well exist and produce reasonable returns to their proprietors with an average tariff of 12 per cent." The alleged unfair profits of manufacturers were criticized; a list of articles was given on which the tariff should be reduced to not more than 12 per cent.—chiefly agricultural implements; exaggerated Protection was denounced and the raising of the tariff and corresponding increase in prices declared to be injurious to agricultural interests; the existing protection to industries was described as too high. There was no advocacy of free trade or of anything but restricted reciprocity; it was declared, finally, that a diminution of the tariff to an average of 12 per cent. would not prevent Canadian industries from living and prospering. The profits would not be so high, but they would be better proportioned to the returns of agricultural industry.

The Ontario Farmer and The Tariff. At Toronto on Dec. 2nd Hon. E. C. Drury, Premier of the Province and the leader of the U. F. O., appeared before the Commission and stated that the high cost of living was responsible for the alarmingly low birth rate in Ontario—23·1 per 1,000—and that the chief element in this cost was the Tariff. Not only were imported goods raised in price by the Customs duties but the home price was also raised to the same level. He argued that farm lands were under-manned, that their production fell far short of possibilities and that one cause of the depletion of rural areas was the fact that the farmers were unable to compete with the urban manufacturers in the matter of wages. Questioned by Sir Henry Drayton as to the extent of his proposed changes in the Tariff, Mr. Drury said: "I would make a cut until the protective feature was minimized. I would make it a revenue tariff."

The United Farmers of Ontario, through their President, R. W. E. Burnaby and the General Secretary, J. J. Morrison, presented an elaborate statement of conditions from their point of view. The Statement was packed with figures and arguments to a degree which makes quotation difficult. It was admitted that farmers were more prosperous in the past 20 years than in the preceding decade and the reason given was the favourable change in United States tariff policy: "In 1913 Canada exported 28,000 cattle, valued at a little over $1,000,000 to the United States; in the fiscal year of 1919 over 300,000 of our cattle went to the same market and the value was upwards of $30,000,000. In the fiscal-year reports of animals between 1911 and 1918 our export to the United States, of all kinds, was quadrupled." But the farmers' condition was not yet what it should be; they did not receive rewards commensurate with their toil; the Leitch survey* of Ontario costs of production, farming profits, income and returns in various Counties, was quoted at length to prove this point.

Rural depopulation was dealt with in detail and the Tariff charged with the fact that Ontario's rural population was 49,000 less than it was 50 years before while the urban population had grown by 1¼ millions; there was also declared to be a continued decrease in the area of food production with wheat, barley and peas showing a loss between the average of the decade ending in 1891, and the year 1920, of 1,254,000 acres. "The main cause," it was asserted, "of what has occurred is found in the Canadian tariff legislation that has favoured the great corporations engaged in manufacturing and discouraged our basic industry, and in American tariff legislation that has hampered our trade in farm products with our nearest market." The next point was as to how the Tariff "hit the farmer" and it was argued that while, in the fiscal year 1919, $158,000,000 was collected in customs taxation and went into the Treasury there were collateral levies:

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*Note.—Professor Leitch of the Ontario Agricultural College, under instructions of a former Ontario Government.

> The importer paid the duties levied in the first instance. Then he added his profit not only on the $526,000,000 worth of dutiable imports brought in, but on the $158,000,000 of duties paid thereon as well. Next the retailer added his profit not only on the total sum represented by the first cost of the imports, but on the duties on same and the importer's profit on first cost and duties combined. In this way the ultimate consumer was forced to pay, in the two profits on the duties, probably $79,000,000 in addition to the $158,00,000 the Dominion Government received in customs revenue. In order that the Dominion Government might receive $158,000,000 the Canadian consumer of dutiable goods was forced to pay $237,000,000 or not much short of half the first cost of the dutiable goods imported. Nor was this all. Every article manufactured by a Canadian corporation, and competing with an imported article, was increased in cost by a sum approximating the duty on the competing imported article.

It was then estimated, in this latter connection, that the aggregate output of protected industries was $1,250,000,000 and that at least $400,000,000 of this represented the extra price paid by the consumer as a result of the Tariff. In other words Protection meant that in order to pay the Government $158,000,000 the Canadian people were "penalized to the extent of $637,000,000." It was claimed that the Tariff, as framed at this time, bore most heavily on the poor, and the large farmers, and that articles in which farmers were more especially interested were subjected to extortionate rates: "Babcock testers are taxed 25 per cent.; hay pressers 27½ per cent.; horse blankets, 35 per cent.; hammers and harness 30 per cent.; nails 35 per cent.; copper-coated lightning rods 30 per cent.; and buggies and cars 35 per cent. As if to rub it in poker chips and threshing machines are taxed at the same rate—17½ per cent." It was said—along the lines of preceding argument—that the people could afford to pension the employees of such industries as hats and caps and boots and shoes better than to allow protection and pay the piper for the manufacturer.

The British Cattle Embargo: Its Origin and Influence in Canada.

Prior to 1892 Canadian live cattle were allowed to be landed in England and to pass into the interior of the country without any restriction; in that year, however, pleuro-pneumonia was alleged to have been discovered in some of the Canadian cattle landed; the statement was denied, but finally accepted as accurate by the authorities and all imported cattle were promptly slaughtered at the port of debarkation. Both the Canadian Government and the Colonial Secretary—Lord Ripon—unsuccessfully endeavoured to have the restriction removed. Lord Ripon contradicted the views of the Board of Agriculture's expert advisers, and denied that the Canadian cattle were suffering from pleuro-pneumonia. The scientific advisers of the Canadian Government claimed that the disease was not pleuro-pneumonia.

At the end of 1894 the Belgian Government placed a similar embargo on Canadian cattle. In June, 1895, Mr. Walter Long succeeded Mr. Gardner at the Board of Agriculture. Up to this time the Board, as a Department of the Government, had been able to remove or impose such restrictions as it considered necessary, but in 1896, Mr. Long introduced a Bill to make the embargo statutory and applicable, of course, to other cattle-exporting countries as well as Canada. This course had the approval of practically all the Agricultural societies in the country, and the Diseases of Animals Act became law in due course, though the bulk of the Liberals voted against it—Sir E. Grey and Messrs. Asquith, Gladstone, Bryce, Morley, etc. Various efforts in succeeding years were made, upon local and Imperial grounds, to have the embargo removed, but without success. The chief British reasons urged for its retention may be briefly summarized:

1. The terrible hardships and heavy losses which had resulted from preceding outbreaks of pleuro-pneumonia in Great Britain and the dread which farmers and the public, alike, felt regarding it.
2. That, though Canadian cattle might be free from disease, if the embargo was removed a similar demand would be pressed from various countries which were not so free.
3. That, in any case, Canada had a borderline of 3,000 miles with a considerable cattle trade across it and that, as late as 1914, there occurred in Michigan the worse outbreak of the disease on record in the United States.
4. That the United States was a growing beef-importing country and somewhat dependent upon Canadian cattle supplies. We would have to compete with the United States for these supplies, prices would rise, and in competition with this near and rich buyer, we would have to pay a high price or accept only inferior animals. Even if we got all the Canadian surplus, it would represent only about 3 per cent. of our meat supplies.
5. That all the great beef-producing countries of the world were dependent upon this country for pure-bred stock for the improvement of their herds. This export trade of pure-bred cattle represented over £1,000,000 per annum. This unique position and valuable trade would be endangered by the opening of our ports to imported cattle.
6. That to maintain the British cattle industry upon a strong and pure level was the best protection against the American Meat Trust and that the safest policy was that of the greatest independence, in this vital food supply, of all overseas countries.
7. That import of live cattle was uneconomical—seven dead beasts occupying the same space as one live beast.

The arguments used in favour of removal were strong from the Canadian standpoint but not so much so from the purely British. The practical admission that there was no disease in Canada and that, therefore, the Embargo was based upon false premises, was the chief one; another was the local free trade contention that the consumer would benefit by competition and a reduction in the price of home-killed meat; a stronger argument was the stigma unjustly attaching to Canadian cattle and the acceptance by Mr. Prothero (Lord Ernle) British Minister of Agriculture, at the Imperial Conference in 1917 of a Resolution declaring that "the Embargo on Canadian cattle should be removed as soon as possible." In the Canadian Commons on Mch. 11, 1920, it was stated by the Government that strong representations had been made in London during the previous year to the Imperial Government and, through Dr. J. W. Robertson and H. S. Arkell, to the Scottish Board of Agriculture, the Scottish and English Farmers' Unions, the Agricultural Committee of the House of Commons, etc·; that the British Minister of Agriculture had frankly admitted that the Embargo could no longer be continued against Canadian cattle on the grounds of disease but, in consideration of the unsettled condition of British agriculture and the lack of confidence among feeders and breeders which would be created by removing the Embargo, the Government regarded it as inadvisable to take any action in the matter.

Speaking to the Imperial Press Association at Guelph on Aug. 11, the Ontario Minister of Agriculture, (Hon. M. W. Doherty) revived the discussion of the subject. He declared there was no good reason for continuance of the policy: "It can be justified only as a measure of protection for British growers. We maintain that this protection should be afforded them in the form of a tariff on cattle imports, and the slur on the quality of Canadian cattle should be removed." Speaking to the same organization at Calgary on Aug. 19, R. B. Bennett, K.C., said: "If you desire to keep your markets from us, do so by means of a tariff, and not publish to the world that our animals suffer from disease when you know they do not." Lord Burnham declared in reply that when the British press understood the situation, they would be the first to stand up for Canadian rights in the matter. Another point of view was given on Aug. 25 at Edmonton by J. S. MacDonald, Editor of the British *Farmers' and Stock Breeders' Journal*:

> I am sorry to say we cannot allow the entry of Canadian stocker cattle into Great Britain. We have reached the stage where we can raise enough cattle to supply our own needs, and the British law provides at present that Canadian cattle for fattening cannot be imported. It is not that we do not want Canadian cattle, but that we prefer them fat and ready for slaughter. We want you to realize that we have our own point-of-view in this matter. Seventy-five per cent. of the capital invested in agriculture in Great Britain is invested in the cattle industry, and the industry is naturally the dominating factor in British agriculture. There is no likelihood that the Embargo on Canadian cattle for feeding will be lifted shortly.

Speaking at Edmonton on Sept. 29 Hon. Duncan Marshall, Alberta Minister of Agriculture, stated that one of the most serious and important questions facing Canada at the moment, and the West particularly, was the opening up of the British market to the entry of Canadian stocker cattle. It would stimulate agriculture more than anything else, it would strengthen the quality of cattle it would also improve the quality of the breeds. All Boards of Trade and similar institutions should urge the Dominion Government to take action A little later Mr. Doherty, Ontario Minister of Agriculture, was in London and worked personally and strongly for the removal of the Embargo. He saw Mr. Bonar Law, enlisted the sympathetic support of Lord Beaverbrook and his newspapers, discussed the matter with various members of the Government, promoted a Deputation to the Minister of Agriculture, representing 40,000 butchers, and started a new agitation going for its abolition. Mr. Premier Drury of Ontario told a Guelph audience on Dec. 7 that Mr. Doherty had gone to London for this purpose, amongst others, and that he might go again; he would, himself, go if necessary to help in remedying this injustice; and he described the British Board of Agriculture as a bureaucracy and the Embargo as being "instituted and maintained under false pretences."

Mr Marshall of Alberta endorsed this rather strong statement, declared the matter one of business and not sentiment, and added: "I know of no one thing of such vital importance to the Canadian farmer in the 10 years that lie ahead of us as the free entry of his cattle into the British market." Mr. Drury's reference was cabled to London and Lord Lee of Fareham—Minister of Agriculture—in an interview on Dec. 10, pointed out that legislation approved by both Houses of Parliament was necessary for abrogation of the Embargo; that, meanwhile, any representation from the Dominion Government through its High Commissioner would receive careful consideration; that it would, however, be impossible for him to deal directly in matters of this kind with the Government of Ontario, or of any other Province; that they would no doubt adopt the usual course of transmitting their views through the central Government at Ottawa. On Dec. 22 Hon. D. W. Mersereau, Minister of Agriculture for New Brunswick, sent the following cable to Lord Lee: "Province of New Brunswick, Canada, endorses every legitimate move for elimination of England's embargo against Canadian cattle. Hope early consummation."

A week later Lord Beaverbrook wrote in *The Express* a statement that: "The annoyance in Canada is not caused so much by any actual damage that may be inflicted on an important Canadian industry, as by the feeling that the Imperial authorities are not treating Canada straightforwardly." Meanwhile politics, quite naturally, had come into the matter and, as in previous periods of agitation, the British Government was unable to take action. At the same time (Dec. 28) Sir George Perley, High Commissioner, wrote *The Times* stating that he and all the other Canadian representatives at the Imperial Conference in 1917 distinctly understood that a promise had been given that the Embargo would be removed. This was the situation at the close of the year. Canadian political leaders were bringing political pressure, in England, to bear upon the Government there; they disclaimed criticism of actual Government policy outside of the reason originally given for imposing the Embargo; this reason had been admitted as groundless by Mr. Prothero, afterwards Lord Ernle, in the House of Commons when Minister of Agriculture, and by Lord Crawford, on behalf of that Department, in the Lords; Mr. Prothero had declared (Imperial Conference, Apr. 26, 1917) that it should be removed after the War and that "so far as the English Board of Agriculture is concerned, we are in favour of the removal of the Embargo."

Lord Lee, his successor, now declared in 1920 that economic and political conditions made this impossible. Canadian press and speakers dealt strongly with the new and growing importance of the matter to Canada in view of the United States policy of possible exclusion; others contended in Canada that the Embargo did good service by compelling the feeding and fattening of young cattle within the country; it was, also, pointed out that if ever the Embargo did have an injurious effect upon the reputation of Canadian cattle, that day was long past and that Canadian cattle had been, or were being, shipped to such countries as Australia, New Zealand, S. Africa, France, Belgium, Switzerland, and the United States; that their condition gave entire satisfaction to the Health of Animals Bureaux of those countries. As affecting the British contention of danger to their herds from the long United States frontier and possible mixture of United States cattle with Canadian, it was a fact that in 1920 U. S. Federal and State officials examined 695,364 animals, of which 28,616 were affected with tuberculosis and had to be slaughtered. Finally, there was, on Dec. 8, an interesting expression of opinion from the Canadian Council of Agriculture—representing all the Farmers' organizations of a political and economic nature —in the adoption of the following Report:

> Your Committee believes that a restoration of the privilege of shipping Canadian cattle to inland British points, on the hoof, would be of very great advantage alike to the Canadian producer and the British consumer. At the same time, we fear, in the absence of specific information on the point, that the removal by the British Government of the Embargo on the Canadian cattle trade would involve the establishment of a Canadian quarantine against American cattle entering Canada as a means of preventing diseases from being carried from American herds to Canada and thence to the United Kingdom. If this should prove to be the case, a Canadian quarantine against American cattle would undoubtedly be followed by an American quarantine against Canadian cattle, and that would absolutely close the American market to our cattle. The loss of this market would more than offset any possible benefit from the opening of the British market. For these reasons we feel that no definite action should be taken until we have accurate information regarding all the contingencies involved.

Irrigation in Western Canada; Conditions and Progress in 1920.

There are such vast stretches of fertile soil in the West, such continuous production without any form of fertilization, such remarkable crops in bulk, that it is hard to understand that even the soil of Alberta or Saskatchewan may lose some of its fertility from over-cultivation or that in parts of either Province there are arid stretches, with winds which at times blow death to the crops in their path and where water is the one thing needful—with uncertain or scanty precipitation, varying from 6 to 34 inches annually, and from 5 to 30 inches during the growing season between May 1st to Sept. 30. The C. P. R. realized this latter fact at the beginning of the century and made the region south of Calgary and in the Bow River Country familiar to all students of Irrigation in the world. Its officials were the pioneers of irrigation development in Southern Alberta; they long ago realized that the rich soil of that region needed only water applied at the right time to make it yield bounteously.

At an expenditure of millions of dollars, the largest irrigation system on the continent was constructed, and thousands of farmers were settled there and have since won success on irrigated farms. The value of irrigation was proved in 1918 and 1919, two exceedingly dry seasons, when farmers in the irrigated areas, who used their water properly, reaped enormous crops. In the latter year a farmer near Brooks harvested 8,400 pounds of alfalfa seed from 12 acres of land. This seed was worth between seven and eight thousand dollars and brought the grower a return of more than $600 an acre in one season. From 18 acres on another farm, 18,500 pounds of white clover seed was harvested, bringing a return to the grower of $288 an acre, or $5,600 from this field. In the immense areas of these Provinces the amount of land requiring this aid—in which climatic conditions made irrigation either necessary or desirable, or a useful form of crop insurance—was not very large. It totalled in Southern Alberta and Southern Saskatchewan about 84,000 square miles or 50,000,000 acres. The areas, with constructed works of irrigation and those projected were, in 1920, as follows:

C. P. R. Projects	Acres	Acres
Western Section	223,000	
Eastern Section	400,000	
Lethbridge Section	130,000	753,000
Canada Land and Irrigation Co.		202,000
Private (small) projects		150,000
Total		1,105,000
Projected		
Lethbridge, southeastern district (estimated)	350,000	
United Irrigation district (estimated)	50,000	
Lethbridge, northern district (estimated)	150,000	550,000
Total		1,655,000

As this land was very largely in private ownership, and as the benefits of increased productivity under irrigation would primarily inure to the owners and, secondarily, to the Province, in the form of increased taxable value, the Dominion Government's responsibilities had been and were held to extend only to the stream measurement and survey work and to such engineering advice and assistance as the locally interested landowners, or the Provincial Government concerned, might request when actual development work was undertaken. The Department of the Interior under successive Ministers and, latterly, Mr. Meighen, knew that Irrigation was in its infancy, though a very healthy one and, under the direction of F. H. Peters as Commissioner, had made public various possibilities in this respect, furnished information upon which an agitation in 1919-20 was based and spent over $600,000 in surveys during 1920 with Mr. Peters in charge of field work which would determine what areas were irrigable when the water was available and where reservoir sites could be established.

In Alberta and Saskatchewan, where the one great industry was farming, weather conditions were always the all-important factor in determining the yearly success or failure of the settlers. The years 1917 and 1918 were especially dry, and serious crop failures occurred in the Alberta districts having Lethbridge and Medicine Hat as their centres; in some Saskatchewan regions there were similar troubles. Great interest was aroused, consequently, in irrigation throughout Southern Alberta and Southern Saskatchewan because, where irrigation had been utilized, very much better conditions prevailed. The year 1919 proved to be even drier than the two preceding years, all the reserves of moisture in the soil of these regions were exhausted and, except where irrigation was a factor, few crops were produced in the dry belt. Stock raisers suffered severe losses, as thousands of heads of cattle had to be abandoned to shift for themselves, or were shipped out of districts where the grass had been dried up to the roots.

These three successive years awakened the settlers—especially in Southern Alberta—to the necessity of irrigating every acre of arable land to which water could be brought with a reasonable expenditure of money. Many who had advocated "dry farming," which was a frequent stirring up of the surface soil until a fine dust blanket was produced which prevented loss of moisture in the soil underneath, were forced to admit that this method might be, and often was, disastrous; the fine dry soil, pulverized to a powder, was blown away by high winds, sometimes it buried the young crop, or the wind blew out the seed altogether. Irrigation prevented soil-blowing and was a dependable cure for drought; demands were widespread that its benefit should be secured wherever feasible. Laws had been enacted by the Provincial Government in 1903 and again in 1915 that the formation of irrigation districts, the raising of money by the issuing of bonds with the land as security, and the operation and maintenance of irrigation construction should be governed by Provincial regulation. But the Dominion Government controlled the available water supply and was responsible for the making of surveys showing how this water supply might be used to the greatest advantage.

Surveys had been started in Southern Alberta in 1914 to determine the location and area of irrigable lands; several large tracts with sufficient water supply had been roughly defined when work was cut short by the War; in 1919 field work was again resumed. It was decided to make complete plane-table surveys of the tracts previously defined and, simultaneously, to study the water supply, the conservation of flood water and possible canal locations. The principal drainage basins, with the number of recorded applications in each, were given as follows by F. H. Peters, Dominion Commissioner of Irrigation: Bow River, 187; Oldman River, 350; Red Deer River, 87; South Saskatchewan River, 103; North Saskatchewan River, 88; Milk River, 27; Cypress Hill, 728; Qu'Appelle River, 179; Miscellaneous, 257. The artesian wells in Southern Alberta were examined, samples of water were obtained from six and submitted to the Dominion Chemist for analysis, with a view to determining whether they could be utilized for irrigation purposes. The tests showed, however, that though they might be used in very limited quantities for a time, on well-drained soils, they were too saline in character to be safely used for irrigation.

The Seven Persons' drainage Basin in the Medicine Hat district, the Cypress Hills district, north and south, and the McLeod district were all investigated and data gathered as to what had been done, and what ought to be done in 1920 for the construction of reservoirs, canals, and other irrigation works in these areas. Private irrigation schemes had been established by the C. P. R.—on a large scale—in Southern Alberta and started on a lesser scale by the Alberta Railway and Irrigation Co. in the Lethbridge district, by the Canada Land and Irrigation Co. in the Bow River district, and by the Coaldale-Lethbridge Water Users' Association with reports which proved that, in spite of drought, very good crops had been grown (1919) in the areas drained with generally gratifying results in the growing of alfalfa and clover seed. Experimental plot work was carried on at Romolane, Alta., with a view to contrasting results in dry and irrigable land in the same locality—the irrigated plots receiving five 4-inch irrigations. The following data showed what could be produced with 20 inches of water and was in startling contrast to what had been produced without irrigation:

> In the alfalfa plots the best yield, 3·11 tons per acre, was produced with 0·50 foot of water received as precipitation and 1·67 feet in five 4-inch irrigations; the dry plot produced nothing.
>
> The best wheat yield, 39·5 bushels per acre, was produced with 1·80 of water; the dry lot produced 10·9 bushels per acre.

The best oat yield, 77·2 bushels per acre, was produced with 1·50 feet of water; the dry lot produced 10·9 bushels per acre

The best yield of potatoes, 366·5 bushels per acre, was produced with a total depth of 2·26 feet; the dry plot produced 57·5 bushels per acre.

Several new Irrigation projects were developed in 1920. The biggest of these was the Lethbridge Northern Irrigation project, and plans were completed and reported to the Alberta Legislature on Feb. 25, by G. C. Anderson, U. S. Irrigation expert. The scheme included 500 miles of waterways and the irrigation of 100,000 acres. Funds to the total of $5,000,000 were required of which $4,000,000 was for construction, and the extra million to provide interest until the project was under operation. The Taber Irrigation project, an extension of the C. P. R. works, had been launched on Feb. 11, 1919, and supported unanimously by the vote of the landowners in this district of Alberta. The agreement was that the District would issue bonds, the C. P. R. would construct the works and turn them over to the District, furnish the water supply and take the bonds in payment. Contractors worked continuously until work was stopped by snowstorms in the early winter of 1920. It was resumed on Apr. 20, and was completed by the autumn, with 17,000 acres served. In March, 1920, an Irrigation Districts Act was passed by the Alberta Legislature which provided for the formation of irrigable districts on the assent of the Minister of Public Works and upon petition from landowners in a proposed district who held at least half of the areas involved; an election was to be held to determine by a two-thirds majority whether the district should be erected and, if so, to elect a Board of Trustees who should have full control of the district with authority similar to that of a Municipal Council.

On Apr. 10 an Irrigation Aid Bill was passed, giving aid to the extent of $600,000 interest on the bonds—a sum equal to two years' interest on the bonds sold. The Fund was to be administered by a Trustee appointed by the Government and the bonds to be a first lien on the lands within the irrigated area. Long and heated discussions took place in the Legislature over the ranking of the bonds and the rights of existing mortgagees; the solution was a compromise, the bonds to be a first lien, but the Government to protect the interests of the mortgagees. The project to be worked out under the new Act was that of the Lethbridge Northern District, and the financial end of it proved a hard problem to solve. At a Board of Trade luncheon at Lethbridge on May 27, C. A. Magrath of the Waterways Commission, and for years in charge of the Land Department of the Alberta Railway and Irrigation Co., said: "There is water going to waste to-day that would probably take $20,000,000 to control. There is no enterprise in the East or West that will yield more than the expenditure of this 20 millions in getting Irrigation, and there is no place, in my judgment, where money can be put to better use in a national way than in the consequent greater production. But how to get the money is the problem."

At a banquet tendered the Manufacturers' Association at Calgary on June 3rd, Commissioner Peters of the Irrigation Department claimed that irrigation doubled the population and production of a district, and that the future of the South country depended on numerous irrigable districts amidst dry farming areas, thus supplying fodder crops which dry farming could not produce in abundance: "The great need to-day in many sections is reservoirs to conserve the supply of water in flood time. Irrigated land always doubles production, and not infrequently quadruples it. A full water right invariably doubles the profit of the land." Saskatchewan had been slower in the development of irrigation projects than Alberta. The three dry seasons preceding 1920 had, however, made the settlers in the Moose Jaw-Regina district realize that the South Saskatchewan River was the only sufficient available source of water supply for this district. The 1919 Session of the Legislature passed an Act providing for the appointment of a Commission to enquire into the matter and to report to the Government. This body, with A. J. McPherson as Chairman, had the matter in hand in 1920 and, meanwhile, extensive surveys were carried out by the Interior Department.

At Swift Current, Sask., a Better Farming Conference met on July 6-9, and irrigation possibilities were discussed from every aspect. F. H. Peters estimated that in South Saskatchewan 50,000 acres now under dry farming could be brought under water—exclusive of the big Saskatchewan River project which would cover 600,000 acres. It was, however, a dry-farming meeting with about 200 present of whom 75 per cent. were practical farmers who, while residing in the dry areas had crops, and most of them paying crops, in the dry years. Every phase of current conditions in Southwestern Saskatchewan was discussed by experts and experienced farmers; then a session was given to irrigation possibilities in this Province. The chief finding of the Conference was the fact that widely different methods had been successful in different districts and that what answered to preserve moisture and prevent soil drifting in one district would not be efficacious in others.

An event of importance was the 14th annual Convention of the Western Canada Irrigation Association at Lethbridge on July 28-30, with the general feeling at the meeting that irrigation was at last coming into its own. Though residents of towns in irrigable districts still required education as to the importance of irrigation, yet the leaven was working. Irrigation schemes, it was claimed, now were backed solidly by the agricultural classes; few farmers in Southern Alberta could be found who were adverse to bringing water upon their lands. The business men expressed the opinion that they could see the dawn of a new commercial era when irrigation would make farming in this region a sure and safe enterprise. G. R. Marnoch of Lethbridge, the pioneer advocate of this particular project, was in the chair and the speakers included Hon. A. J. McLean, Minister of Public Works, T. A. Hornibrook, President Calgary Board of Trade, H. A. Craig, F. H. Peters, John Bracken, President of the Manitoba College of Agriculture, and many others. Senator Sir James Lougheed was elected Hon. President and Hon. T. D. Pattullo of Victoria, B.C., President. Resolutions were passed as follows:

1. Urging the Federal and Provincial Governments to get together on the subject of financing irrigation projects.
2. Thanking the Federal Government for surveys completed and the Provincial Government for improved legislation for irrigation projects.
3. Requesting the Dominion Government to establish more meteorological stations on the prairies.
4. Asking the Canadian members of the International Waterways Commission and the Premier of Canada to hasten an early solution of a division of waters of the St. Mary's River and other boundary streams between the United States and Canadian Governments.

With the passing of the summer months of 1920 all the enterprise and money so far spent on irrigated land was richly repaid in bountiful crops. It was stated at this time that land supplied with artificial moisture produced in some cases 50 bushels of wheat to the acre, 75 bushels of oats, 40 of barley, and that alfalfa crops were very heavy. On Aug. 4, Sir James Lougheed, Minister of the Interior, arrived in Lethbridge to make a thorough inspection of the Northern Irrigation project of 120,000 acres and found everything was ready to start construction, as soon as the financing could be arranged. Two days later he went to Edmonton for a conference with Mr. Premier Stewart as to this matter but without result, as the Provincial Premier refused to implement the guarantee of bonds on the ground that the lands involved were privately-owned and that the owners would benefit. He would supply the two years' interest, as promised but he would not guarantee the issue.

A step forward was taken on Oct. 5, when the Lethbridge Irrigation Board of Trustees passed a By-law for the issuing of $5,400,000 worth of 30-year, 7 per cent. debentures to cover the cost of construction, subject to approval by the voters of the District; this was given on the 21st by a very large majority voting in favour of bonding their lands for $50 per acre, to the required total, for the purpose of constructing irrigation works to water annually 108,000 acres. In British Columbia, it may be added, where large areas of splendid fruit land in the valleys of the Interior and at Saanich and other points on Vancouver Island, with water available, only needed irrigation to make them fertile to a degree, the subject was under constant discussion without public funds being available, however, to any extent.

INDUSTRIAL CONDITIONS
AND
PROBLEMS

The Canadian Industrial Situation in 1920.

During this year the industrial situation in Canada changed greatly. For the first few months business was excellent, production heavy, demands high and in excess of supply, and prices not very different from 1919. The change in wages and prices had to come, and this was fully realized by manufacturers but it was not till after the middle of the year that the time of change seemed near. Then the decrease in sales commenced both in Foreign and home markets; the exchange situation had been increasing trade difficulties abroad for some time and this came to a head; there was increased dumping of goods in Canada while the additional railway rates had a certain effect upon domestic sales; factories for the moment were paying war-time bills and giving inflated prices for raw materials while operating and selling costs remained high. Something had to happen and the reduction in prices for quicker sales, the running of factories on shorter hours, the reduction of wages or the number of employees, or both, followed in the closing months of the year. The industries of Canada were, however, in a good position to stand the strain of deflation; there was, by this time, no doubt of their importance in the general economic life of the country. The following table shows the nature of production over a term of years:

	1890	1910	1915	1918
Food Products	$75,958,987	$245,669,321	$388,815,362	$839,086,118
Textiles	54,744,242	135,902,441	144,686,605	342,385,878
Iron and Steel Products	28,535,789	113,640,610	120,422,420	443,455,779
Timber and Lumber and their manufactures	72,796,425	184,630,376	123,396,686	251,699,154
Leather and its finished Products	24,451,749	62,850,412	71,036,644	94,577,196
Paper and printing	13,849,885	46,458,053	74,038,398	167,376,972
Liquors and beverages	8,671,847	28,936,782	34,859,927	28,266,256
Chemicals and allied products	7,739,531	27,798,833	45,410,486	173,649,073
Clay, glass and stone products	10,194,358	25,781,860	27,244,813	35,354,311
Metals and metal products other than steel	13,251,910	73,241,796	90,943,278	170,042,852
Tobacco and its manufactures	5,627,765	25,329,323	28,987,250	55,411,487
Vehicles for land transportation	16,037,684	69,712,114	73,878,212	205,213,617
Vessels for water transportation	3,311,559	6,575,417	8,419,648	76,630,411
Miscellaneous industries	32,543,949	104,618,560	134,268,231	485,082,107
Hand trades	981,043	14,829,741	40,729,180	89,814,764
Totals	$368,696,723	$1,165,975,639	$1,407,137,140	$3,458,036,975

The country was becoming more and more self-contained in an industrial sense and the *Canadian Trade Index*, compiled at regular intervals by the Canadian Manufacturers' Association, showed for 1920 a classification of 8,445 articles made in Canada, compared with the 6,251 which in 1917 were represented in a total product of $3,015,000,000. In the same three years the number of industrial firms had increased from 6,500 to 8,500; amongst the greater new industries of that period were structural steel, ship-plates, tin plate, blotting paper, soda, vegetable parchment, ash, paper-mill machinery, linen. There was, at the same time, a steady development of manufacture along lines hitherto represented chiefly in the import list—automobile and motor truck industries, for instance. According to official figures for the years 1915-18, the increase in capital invested was $1,000,000,000 or from $1,994,103,272 to $3,034,301,915, the number of establishments had grown from 21,306 to 34,380 (in 1917) or an increase of 13,074; the employees on salaries and wages had increased 162,904 and the wages and salaries paid $339,696,360; the value of products had more than doubled and grown from $1,407,137,140 to $3,458,036,275.

The process of growth continued right through 1919 and it is not unreasonable to estimate the value of Canada's industrial product in 1920 at 3,800,000,000. If the increase in 1915-17 was $600,000,000 and in the ensuing year over $400,000,000 it is safe to say that the additional yearly production was at least $200,000,000. Of course these figures include inflated values and a reduction in the succeeding period was probable, but upon the whole the situation was sound. Invested capital had increased in greater ratio than production values, working capital grew proportionally in the larger industries and exports expanded, also, while industrial failures recorded in 1915 numbered 655 and in 1918, 232. Nor was this progress confined to Eastern Canada; Winnipeg and various Western cities showed many signs of advance in the decade of 1910-20. According to a statement of the Canadian Manufacturers' Association presented to the Tariff Commission on Sept. 14: "The growth of industry in Manitoba, Saskatchewan, and Alberta was extraordinary." In 1900 the value of goods manufactured in these three Provinces was a negligible quantity. For the year under discussion a very conservative estimate would place the value of the goods manufactured in these Provinces at $300,000,000. In 1900 there was not a single member of the Canadian Manufacturers' Association located west of the Great Lakes, and in 1920 there were seven hundred—500 of these in the Provinces of Manitoba, Saskatchewan and Alberta. In fact, Western Canada was becoming rapidly industrialized—the industries which had made the greatest strides being milling, packing, steel and iron, clothing, textiles, building and paper. The Census figures of 1910-17, as applied to the chief cities of Canada, indicated this so far as Winnipeg was concerned.

	1910	1915	1917	Per cent. of Increase	
				1910–15	1915–17
Montreal	$166,296,972	$243,237,575	$493,727,258	46·20	102·98
Toronto	154,306,948	219,143,728	456,250,198	42·02	108·15
Hamilton	55,125,946	66,063,339	163,506,406	19·84	147·49
Winnipeg	32,699,359	47,686,070	98,101,632	45·77	105·72
Vancouver	15,070,105	33,871,044	57,172,309	124·75	69·09
Quebec	17,149,385	18,933,227	34,857,741	10·40	84·11
Ottawa	19,877,233	18,947,325	34,671,203	4·67	82·99
London	16,273,999	18,885,212	34,615,211	16·04	83·29
Kitchener	9,266,188	16,408,401	30,171,284	77·07	83·89
Halifax	12,140,409	15,119,527	15,247,469	24·53	·85

In exports of manufactures, the progress was similarly pronounced during the War years—they totalled in the fiscal year of 1914, $67,602,238; in 1915, $95,068,525; in 1916, $250,652,223; in 1917, $487,312,766; in 1918, $660,840,430. Following the War, they declined but, under the circumstances, maintained an excellent showing—1919, $571,498,678 (partly a fiscal war year) and in 1920, $435,121,936. Dealing with economic conditions in Canada, the Bankers' Trust Company of New York, during 1920 called attention to a change in the comparative relations of agriculture and manufactures to the country's export trade. In 1914 the total Exports of Canada were $431,588,439 and in 1919 $1,216,443,806; in the former year agricultural products of $198,220,039 or 45·9 per cent., had been exported and industrial products of $57,443,452 or 13·2 per cent.; in 1919 the conditions were in part reversed and the export of agricultural products was $271,110,210 or 37 per cent., and of manufactures $555,429,130 or 45·6 per cent. As to working capital the Toronto *Globe* of Apr. 17, 1920, recorded the standing of certain Companies as follows:

Company	1918	1919
Abitibi P. & P. Co.	$ 700,725	$1,593,459
Asbestos Corp'n	2,353,355	2,991,728
F. N. Burt Co'y........................	1,502,731	1,671,710
Canada Cement Co.....................	5,008,913	6,023,902
Canadian Car & Foundry.............	9,019,963	10,363,975
Can. General Electric	7,875,658	8,142,597
Canadian Locomotive	1,110,822	1,664,676
Dominion Bridge Co.	3,183,514	3,867,406
Lake of Woods Milling	1,696,707	2,152,188
Laurentide Co.	4,679,669	5,355,670
Ogilvie Flour Milling Co.	6,664,499	7,379,006
Penman's	3,154,235	3,636,133
Wayagamack P & P. Co.............	1,230,650	2,067,159

Incidents of the year included the continued growth of industry in the West which was absorbing about 30 millions of new capital yearly. In this process the Milling industry was conspicuous with an estimated $72,000,000 investment and production of, approximately, 45,000,000 barrels of flour and 35,000 tons of mill-feed; existing mills were extended, the new 6,000-barrel mill of the Alberta Flour Mills, Ltd., neared completion at Calgary and the Saskatchewan Co-operative Elevator Co. bought land at Portage la Prairie upon which to erect a large elevator and flour mill. The Packing-house industry spread rapidly at this period with new plants operating at Calgary, Edmonton, Moose Jaw, Regina, Prince Albert, St. Boniface and Winnipeg; instead of shipping cattle by rail to the seaboard for export to the European markets, they were now converted into meat at these plants and shipment made of the dressed product to the East and Europe; surplus fats from the packing-houses found a market with the soap factories, of which quite a number had been started in Western Canada. So with an increasing number of

Creameries, linseed oil and oatmeal mills and plants using steel and iron as raw material.

Another incident was the growth of Montreal and Toronto and their rival claims to industrial supremacy. According to the latest figures (1918 Census) Toronto led in number of establishments with 2,835 against 2,375 and in average amount paid to employees, but Montreal in all other respects—with Capital investment of $468,401,480 to $392,945,178, total payments to employees $110,196,219 to $105,509,698, and a total production of $551,814,605 to $506,429,283. The opening of the Canadian Industrial Exhibition at the Agricultural Hall, Islington, England, on June 7, was an interesting event. Sir G. McLaren Brown, European Manager of the C. P. R., performed the ceremony and spoke as to Canada with optimism and conviction: "In my opinion, the possibilities for Canada, industrially, are limitless. Her vast and varied natural resources, her 2,000 miles and more of practically uninterrupted navigable waterways stretching from the mouth of the St. Lawrence to the head of the Great Lakes, her limitless waterpower, her network of railways, to say nothing of the energy of her people, all make for low cost of manufacture and distribution. This has already been recognized by manufacturers of the United States, and I am glad to be able to say that it is beginning to be recognized by some of the largest British manufacturers, who either have established or are establishing branch factories in Canada."

W. C. Noxon of the Overseas Trade Department also spoke and, at a later Luncheon, Sir George Perley declared that he wanted to see Canada buy its requirements from Great Britain rather than from the United States. F. C. Wade, K.C., spoke for British Columbia. The primary object of the Exhibition—organized by H. Greville Montgomery—was to familiarize the British public and wholesale buyers of goods with the fact that Canada was now on the map as an industrial country; English journals interested in the effort described, especially, Canadian success in agricultural implements and other machinery such as tractors, gas-engines, washers and wringers, suction sweepers and spraying machines, and in furniture, pianos, gramaphones, bicycles, wall-papers, boots and shoes. Before passing to a consideration of individual interests, it may be said that Canada, in 1920, went through the final stages of the reaction from War and entered the first stage of the reaction from Peace; reconstruction and deflation in the Dominion, as in the United States, proceeded along recognized, though not to the masses very familiar, paths of progress; the inevitable conflict between a highly organized industrial system and absolute freedom of individual action following the years of warfare, reached a crisis —mild in comparison with other countries but still important— and passed on the way to more normal conditions.

British and American Industrial Investments in Canada.

During recent years there had been a very large increase of United States investment in Canadian interests with a total new capital, since 1914, estimated at $1,100,000,000 of which about $700,00,00 was industrial; British capital, prior to the War, had sought other channels than industry with about $2,500,000,000 invested in Canadian financial stocks, railways, municipal, Provincial and Dominion bonds, etc.; but in 1919-20 there was a new and distinct British tendency to invest in industrial enterprises—apart from war-time interests.

Baldwin's, Ltd., of Swansea, came to Toronto and established large works for the production of tinplate; Bovril, Ltd, arranged in 1920 to erect an important plant at Montreal and Porritts and Spencer of Bury, England, completed a large plant at Hamilton for the making of paper-makers' felts; the Quebec Graphite Co., Ltd., constructed a factory at Buckingham, Que., for production of powdered lubricants, stove polishes, paints, etc.; the British-American Nickel Corporataion completed in 1920 an immense smelter at Sudbury and a large refinery near Hull, Quebec; H. Mobbs of Kettering, England, had under construction at McGivney Junction, N.B., what was described as the largest plant in the world for the manufacture of hardwood-last blocks; the Dunlop Tire & Rubber Goods Co.—associated with a British firm—announced early in the year big extensions to its Toronto buildings and plant while Lord Leverhulme arranged at Vancouver the purchase of a site for erection of a soap factory with the factories of Lever Bros. at Toronto, also under enlargement.

J. J. Cash of Coventry, England, established a branch plant at Brantford for the manufacture of cotton labels and B. K. Morton & Co., of Sheffield, at Lachine, Que, for the making of wire rope. In August it was announced that a Canadian plant was to be erected in the Province of Quebec by Messrs. Maguire, Paterson & Palmer, Ltd., of Garston, England, and that its management would be in the hands of a Directorate of 12, six Canadian and six English, with a probable investment of 5 million dollars. This great British match industry had as Chairman Sir Alexander Maguire; Sir Lomer Gouin and George Cahoon, President of the Laurentide Co., were announced as two of the Canadian Directors. In the same month, R. Waddington, M.P., and a group of Lancashire business men were in Canada looking into trade extension possibilities. It was estimated during 1920 that 50 of these British branch factories were operating in Canada—some of the best known being Vickers, Ltd., Yarrows, Ltd., Armstrong-Whitworth, Brunner-Mond and Pilkington Bros.

The United States had, for years before 1920, been influenced in the direction of industrial development; they did not seem to be concerned as to other forms and, apparently, proximity made them better aware of Canadian progress and of the value of the Canadian market for industrial goods; as, in many lines, the Tariff prevented profitable competition, they organized branches, with separate plants, to operate in Canada. The essentials for success were all there—Governmental stability, law and order, energy and thrift amongst the people, abundant natural resources, excellent private credit and rapid national growth, good transportation facilities and a splendid banking system. There was no doubt about the market; in the fiscal year 1920 Canada imported $133,000,000 more of fibres and textiles than she exported, $80,000,000 more of iron and steel products, $65,000,000 more of agricultural products and $55,000,000 more of animal products.

During the year many new American concerns came into Canada. The T. A. Edison, Inc., purchased the plant of the St. Thomas Cabinette, Ltd.; the Imperial Oil Co. started a new plant at Brandon and the Canadian-Edison Appliance Co., Ltd., and Gerlach-Barklow Co., Ltd., opened at Stratford; Windsor, after establishing 44 new manufacturing concerns in 1919—practically all from the United States—negotiated during 1920 with 76 others and obtained a definite favourable decision from at least a third; at Guelph the Henry Miller Foundry Co., of Cleveland, the Federal Electric Washing Machine Co., and the Sherer-Gillett Co. from Chicago, the Shinn Manufacturing Co., and the National Standard Co., from Niles, Michigan, were established. Hamilton had its usual industrial development during the year with 25 new concerns—amongst them American branches of factories at Chicago, Rochester, New York, Long Island City, N.J., and Charleston, S.C. W. G. Cates of the Information Branch, Department of External Affairs, Ottawa, estimated the total of United States investment in Canadian industry during 1920 at $50,000,000 with investments of $247,000,000, additional, in Canadian bonds and lesser amounts to a total for the year of $325,000,000.

Special incidents of this industrial development were the American investments in the Riordon bond issue, the partial completion of the International Pulp and Paper Company's $5,000,000 plant and initial production of sulphite; the purchase by the New York *World* of the St. George Pulp properties in New Brunswick; the incorporation of a concern subsidiary to the International Paper Co., and the statement of P. T. Dodge that a second $5,000,000 mill would be erected in Canada; the purchase in Ontario of large timber limits and water powers by E. W. Backus and his associates with the organization of the Bruce Falls Co., the Fort William Pulp & Paper Co., and other similar developments of American interest. Amongst the American cities from which industries came during the year, or from whose capitalists money came for organization of branches and establishment of plants, were Buffalo, Chicago, Charleston, Rochester, Trenton, Dayton, Worcester, Mass., Philadelphia, Cleveland, Minneapolis, Boston, Paterson, N.J., New York, San Francisco; most of the States of the Union were included in the list.

As to the total United States investment in Canada, a reasonable estimate at the end of 1920 was $1,800,000,000 of which about $700,000,000 was invested in industries; the number of these factories established in Canada before the War was 350; since that time they had totalled at least as many more. During 1920, however, exchange conditions and deflation in the two countries produced a check in this development; some of the current projects and announced policies were not realized. As to the current relation of trade to American investment and production in Canada, L. Stewart Patterson of the Canadian Bank of Commerce, in a New York address on Feb. 25, said:

> It is apparent therefore, that the United States, as a nation, must be prepared to see a steady diminution of her trade with Canada. To the individual U.S. manufacturer with enterprise and vision, however, the loss may easily be turned into a gain. If orders cannot come to the factory, take the factory to the orders. In other words, open a branch establishment in Canada. Before the war a large number of important American industries had located in Canada, and by so doing not only was the tariff eliminated but the future expansion of Canada gave assured promise of a steadily enlarging market. Since the Armistice this movement has been even more pronounced, and it is estimated that during the past year nearly 200 American firms have established branch factories or acquired an interest in existing Canadian industries. The undoubtedly great future of Canada, with scarcely one-quarter of her natural resources developed, the tariff question, the exchange situation, her immense water powers, her satisfactory labour conditions and last, but perhaps not least, the well-founded belief that she is in a preferential position with regard to the British Dominions, are all factors that have more or less influenced the decision of the wide-awake American executives of these industries, to come to Canada.

A. G. Sclater, in the Union Bank *Monthly* for July, confirmed this general view of the situation: "These manufacturers had established themselves in Canada, first to escape the Canadian tariff; and second, to take advantage of the preferential tariff treatment given by other parts of the British Empire, and to-day the American manufacturer, who has any large volume of business in Canada, must establish himself in Canada to hold that business." F. W. Field, H. M. Trade Commissioner in Canada, mentioned the following reasons for this development: (1) to handle the Canadian market at close range; (2) to grow as a Canadian industry with the expanding market and the increasing purchasing power; (3) to enjoy, as a Canadian industry, the benefits of any special trade arrangements made for the units of the British Empire; (4) to handle the export orders, received by the parent Company in the United States, for shipment to the United Kingdom, etc.

The Canadian Manufacturers' Association: Vancouver Meeting and Branch Activities.

It was, in 1920, ten years since the Canadian Manufacturers' Association had visited the West and held its annual meeting in that part of the Dominion; Vancouver was the end of the journey in this case with June 7-10 as the dates of the 49th general meeting. Western Canada was at this time beginning to be an industrial factor; the capital invested in manufactures had grown from $32,131,453 in 1900 to $418,911,207 in 1917, the wages paid from $8,341,850 to $75,262,855 and the value of production from $34,330,204 to $405,567,666. During this period the population had increased four times over, while capital investments in industry had multiplied by 13 and production by 12. The Association itself had been founded in 1872 and since incorporation in 1902 had grown from a membership of 300 to that of 4,100 in 1920.

On the way to Vancouver the manufacturers were entertained at the different centres and at Winnipeg, Brandon, Regina, Moose Jaw, Medicine Hat, Lethbridge, Edmonton and Calgary, especially, something of the country was seen. At the latter point the 200 visitors—who included a number of ladies—attended the Alberta-British Columbia Industrial Congress. At the opening of the Convention in Vancouver, President T. P. Howard (Montreal), Mayor R. H. Gale of Vancouver and J. B. Thompson, Chairman of the British Columbia branch of the C.M.A., delivered addresses. Mr. Howard reviewed the year's activities and developments as they affected industry, labour and national conditions. In Labour matters he considered the outstanding features during the year to have been the gradual elimination of the revolutionary element by moderate labour men; the political and social ideas put forward with considerable vehemence by a minority had been tried partially and had failed utterly in the estimation of wage-earners themselves. On the other hand, a great deal had been done by the moderate wage-earners, who were in the great majority—with the co-operation of other citizens who had the welfare of the country at heart—to make the conditions and rewards of the wage-earning class more satisfactory. He deprecated Group government, dealt with the price problem and that of Taxation as follows:

> If a Parliament is made up of a group of Farmers, another group representing Labour, another group representing retail and wholesale trade, another group representing transportation, etc., it may be difficult to carry on government without considerable intrigue and friction. Under the group system of government each group, according to experience, pursues very persistently those objects which are of peculiar interest to the group. There is also a constant shifting of alliances among the groups. It has been stated in some quarters that manufacturers favour high prices. This is not true for a very good reason. Manufacturers are the heaviest buyers. During a period of

high prices materials are scarce, dear and difficult to secure. Wages are enormously increased owing to the increased cost of living. This adds to the risk of manufacturing operations. Moreover, when prices are unduly high, the purchasing power of the public is decreased. Taxation is not a popular subject, certainly not with manufacturers, who are the heaviest taxpayers. Manufacturers pay the bulk of customs tariff duties. They pay business taxes, excise taxes on materials, stamp taxes, taxes on insurance, taxes on goods sold to them, income taxes, corporation taxes, and, in addition, the ordinary taxes paid by the consumer.

Increased production, in his opinion, was the best and most effective relief. As to tariff conditions, he pointed out that the United States had altered their duties; Canada had removed the 7½ per cent war duties; the manufacturers wanted revision, Empire Preferences and a permanent advisory National Tariff Board. He dealt with Government ownership in the extreme Socialistic sense: "If Government ownership and control is carried to the extreme length which is advocated by some people, it logically means that private property will disappear, and to some extent, that personal freedom will disappear, and that the entire population will become civil servants on the national payroll, to be promoted, transferred, pensioned or dismissed according to the pleasure of the Government in power."

Various reports were then presented, Captain Robert Dollar of Vancouver spoke on trade with the Orient and A. E. Bryan, Trade Commissioner at Yokohama on trade with Japan; the Delegates and guests were tendered a Luncheon by the local Board of Trade on June 7, by the Vancouver Rotary Club on June 8, and the Kiwanis Club on June 9; a cruise was enjoyed to Howe Sound on the *Princess Patricia,* a motor trip taken to New Westminster and a visit paid to Victoria where the visitors were entertained at the beautiful home and famous Gardens of Mr. and Mrs. R. P. Butchart at Tod Inlet. The Executive Committee's report showed much work done during the year—publication of the Canadian Trade Index, continued development of *Industrial Canada* as the Association's organ, conduct of a campaign to persuade the public to buy "Made in Canada" goods. Affiliation with the British Federation of Industries with its 17,000 members was arranged, Technical Education and Industrial research were supported, and the technical services of the Association given freely to members.

The Industrial Relations Committee presented its first Labour report, reviewed conditions and Conferences held at Ottawa and Washington, stated that a number of factories in Canada had established Industrial Councils, and re-elected C. H. Carlisle, Toronto, as Chairman. The Insurance Committee (H. W. Fleury, Chairman) reported at length, dealt with the Ontario report of Judge C. A. Masten, endorsed a number of his recommendatiaons and opposed any tax on unlicensed insurances; the Legislation Committee (Sam Harris, Chairman) reported as to inter-Provincial taxation, the Bankruptcy Act, Patents and Copyrights, the uniformity of Commercial law amongst the Provinces and its desirability, the co-ordination of Labour laws and legislation in all the Provinces which affected industrial interests; the Transportation Committee reviewed the Railway situation, car service for shipments, demurrage questions, freight charges and classification and rates, Express, Telegraph and Telephone matters, and re-elected Burton S. Harris, Toronto, as Chairman.

The Tariff Committee (Hon. E. J. Davis, Chairman), summarized the more important fiscal legislation of the world during the past year, described the United Kingdom as no longer a Free-trade country and as raising, in 1919-1920, £149,360,000 by Customs duties; stated that the Protective tariffs in France, Italy, Switzerland, Austria, Spain and Roumania had all increased their rates. It was stated that, in Canada during the year ending Mch. 31, 1920, the average rate of duty on all dutiable importations, less the Customs war tariff collections, was 22½ per cent.; that the average rate of duty, including the war tariff, on all imporations, free and dutiable, for the same period, was 17·61 per cent.; that the average rate of duty on all imporations, free and dutiable, after deducting the customs war tariff collections, was 14·66 per cent. Their viewpoint was summarized as follows:

> This Dominion's tariff legislation, designed for national development, must be affected by the fact that every great industrial nation to-day throughout the world, operates under protective tariffs. Each of these countries fences its borders by protective laws for the purpose of safeguarding the interests of its own industrial workers. With every great trading nation guarding its own commercial interests by protective customs tariffs, it would be impossible for Canadian factories to continue in existence without a tariff which would secure to them a large output for the domestic market. The natural resources left in the world seem to be growing smaller, and Canada has more left than the majority of other countries. Consequently, it seems reasonable that we should try to develop our raw material and carry it to the most advanced stage of manufacture before exporting it, in order to provide work for our own people, and to produce the largest possible national wealth.

Special attention was drawn to the increase of imports from the United States—$231,000,000 between 1908 and 1913 and $392,000,000 more between 1914 and 1920; during the same respective periods exports to the United States had grown by $54,000,000 and $264,000,000. H. A. Telfer, Toronto, Chairman of the Membership Committee, reported a total of 4,061 or a net gain of 531 in the year; the Report of the Commercial Intelligence Committee was submitted by E. Holt Gurney, Chairman, and dealt with various matters of local and Association interest. John S. McKinnon, Toronto, was elected President of the Association with W. S. Fisher of St. John, as 1st Vice-President and J. R. Shaw, Woodstock, 2nd Vice-President. John F. Ellis, Treasurer, retired from that post and Thomas Roden, Toronto, was elected.

In addition to Messrs. Carlisle and B. S. Harris, already mentioned as re-elected, the following Chairmen of Committees were chosen: Tariff, G. W. Watts, Toronto; Insurance, Arthur Hewitt, Toronto; Legislation, C. J. McFarlane, Toronto; Membership, P. E. Joubert, Montreal; Publishing, J. F. M. Stewart, Toronto; Commercial Intelligence, F. H. Whitton, Hamilton; Education, B. W. Coghlin, Montreal. J. E. Walsh remained General Manager and J. T. Stirrett, General Secretary, with W. A. Craick as Editor of *Industrial Canada.* Resolutions were passed covering matters with the following as one of the most important: "We respectfully urge the Dominion Government to appoint a permanent Tariff Board, acting in an advisory capacity to the Government, which will make a scientific study of the Canadian Customs Tariff and the tariffs of other countries with whose products Canadian producers are forced to compete, familiarize itself with costs of production at home and abroad, investigate the nature and probable national effect of all requests for tariff changes, and endeavour to frame a tariff that will serve the best interests of Canada and thus assure the harmonious and all-round development of the country." Others may be summarized as follows:

1. Urging the Dominion Government to use its influence to hasten the adoption throughout the Empire of substantial customs preferences for Empire products, corresponding to the preferences now provided in the customs tariff of Canada.
2. Asking the Government to negotiate a new Franco-Canadian Customs Tariff Convention.
3. Endorsing a preceding recommendation by a Special Committee to Parliament asking for establishment of a National Research Institute for Canada with a Laboratory buildling at Ottawa and an appropriation of $500,000 for construction and maintenance during the first year.
4. Deprecating the delays of the present Cable service and instructing the Executive Committee to enquire into causes and conditions.
5. Opposing any attempt to substitute the Metric system of weights and measures for the system now in use.
6. Requesting the Dominion Government to compel all imports—especially of mnufactures—to have country of origin clerly marked.
7. Asking the Department of Trade and Commerce to provide all Trade Commissioners with facilities for the proper display of exhibits of such Canadian manufactured goods as there may be a market for in the country to which the Commissioner is accredited.

At the annual banquet on June 9, the new President, J. S. McKinnon spoke briefly as did J. B. Thomson and G. G. McGeer, M.L.A., of Vancouver, J. O. Cameron of Victoria, L. W. Gill, M.SC., Director of Technical Education for Canada, and Sir John Willison of Toronto; the Hon. John Oliver, Prime Minister of the Province, spoke at the opening luncheon. About 300 delegates were present at the Convention.

Provincial Meetings of the C.M.A. Important meetings of the various Provincial Divisions were held during the year; on Apr. 29 the Ontario Division met in Toronto, as did the Toronto Branch. At the former J. R. Shaw, Woodstock, presided and 2121 members were reported with new branches at Niagara Falls, Peterborough and Brantford; Mr. Shaw was re-elected Chairman and W. C. Coulter of Toronto Vice-Chairman. A Resolution was passed in respect to the current Power shortage and (1) the Hydro-Electric Commission was urged to leave no stone unturned to meet the pressing need; (2) it was declared that before new Radial enterprises calling for use of large quantities of power be entered upon all existing contracts should be filled; (3) suggesting that the Ontario Government should appoint a Royal Commission to "investigate and report on the production, distribution and adequate supply of power in all parts of Ontario."

Another Resolution urged the Dominion Government "to take immediate steps, in co-operation with the interested Provinces, to formulate a comprehensive policy for the speedy development of Canada's lignite, peat and other fuel and power resources with a view to removing the very real menace constituted by the country's present position of humiliating dependence on foreign countries." The Quebec Division had its first annual meeting at Montreal on May 22 and elected C. Howard Smith, Chairman, in succession to G. H. Duggan; J. H. Fortier of Quebec was chosen Vice-Chairman and an Industrial Development Committee was appointed to induce new industries to come to the Province. The Maritime Division met at Moncton on Apr. 28 with L. W. Simms in the chair; legislation affecting labour and industry, as presented in 1920 at Halifax and Fredericton, were reviewed.

Resolutions were passed (1) urging restriction of the British Preference to goods entering Canada through Canadian ports, only, in order to promote a more thorough Canadian policy and to encourage British and Canadian steamship lines and ports; (2) opposing any taxation upon such unlicensed Insurance Companies as the New England Mutuals which ensured factory risks; (3) urging the Provincial Governments to bear their share of the cost of Government Employment Bureaux; (4) supporting the policy of increased Federal subsidies to the Maritime Provinces in lieu of the Land grants to Western Provinces; (5) urging the New Brunswick and Nova Scotia Governments to further develop Hydro-electric power and to secure control of Provincial water powers. The Pacific Division of the C. M. A. met at Vancouver on Apr. 15 and the report showed 162 manufacturers as members and the recent organization of a Victoria and Vancouver Island Branch with Norman Yarrow as Chairman. William McNeill of Vancouver was in the chair and a Resolution was passed changing the name to the British Columbia Division; J. B. Thomson, Vancouver, was elected Chairman and Norman Yarrow, Victoria, Vice-Chairman.

At Montreal on May 12 an important meeting of the Montreal Branch was held with 150 members present at the ensuing Dinner. The Executive report stated that during the year the officers had laboured incessantly to bring about a better understanding between employees and employers in the city: "In this effort the Executive was aided by the Labour leaders of the city who realized that a common ground for the discussion of all troubles and grievances, whether real or imagined, was of prime importance to industrial peace in Montreal." The membership was 794 or a net gain in the year of 173; B. W. Coghlin as Chairman of the Legislation Committee reported active work; W. J. Sadler, Chairman of the Branch, spoke at some length in review of the situation. He declared that the Association had under way a large and comprehensive scheme to assist the Government materially in the event of a permanent Tariff Commission being appointed: "A scientific study of the tariff will be made, and the Association is arranging that when this is started we will be in possession of an array of facts and figures which will show plainly and truthfully, beyond the possibility of refutation, what the tariff means to our national life, to our industries, and what a broad programme of Free trade, as a national policy, would bring in its train, in undermining the very groundwork of our prosperity as a country."

Then Mr. Sadler made a reference to the projected Million-Dollar Fund which was being raised amongst the members of the C.M.A.: "One million dollars is the objective, and many of the problems which I have referred to previously in this report will, if they are tackled in earnest, require the expenditure of considerable sums of money. Our services must be broadened and increased if we are to give our members the assistance which we desire to give them. Our Tariff Department is greatly in need of extension, as are our other Departments." F. W. Stewart was elected Chairman and at the ensuing dinner Lieut.-Col. Grant Morden, M.P., spoke. The Toronto Branch met on Apr. 29 and much time was devoted to the Educational Committee and its work—52 scholarships had been donated by members to the Technical Schools, in addition to 127 in the three preceding years.

The Executive reported that at this time and for months past industries were contending with shortage of skilled labour, high operating costs, serious shortage in materials and lack of coal; W. C. Coulter, Chairman, stated that Toronto's Industrial Department had brought 36 new industries to the city within a year; T. A. Hollinrake was elected Chairman. Resolutions were passed (1) urging the Toronto Hydro-Electric Commission to establish one or more auxiliary steam plants to avert future shortages in power supply; (2) requesting the Dominion Government to formulate a policy of development for Canada's coal, peat and other fuel resources; (3) urging the Federal Government to establish Information Bureaux to help manufacturers in respect to new processes and technical knowledge together with the Laboratory solution of industrial scientific problems. The Hamilton Branch met on May 11 with G. H. Douglas in the chair; a membership of 234 was reported and Mr. Douglas re-elected Chairman. The Victoria, B.C., Branch met on Apr. 13 and elected N. A. Yarrow as Chairman.

The Manufacturers and the Tariff; Official Statements and the Tariff Commission.

Like the Farmers,* the Manufacturers of Canada had an essential though diverse interest in the Tariff. They desired it to be an important revenue-producing element in the Government of the country but they also demanded its careful adjustment so as to bring the greatest possible measure of protection to all industrial interests in the country which might be threatened by the competition of richer or more specialized industries in other countries. They claimed, also, that as a great industry of the country agriculture was as much concerned with adequate Tariff protection as was the manufacturing interest. This was vigorously denied by the Farmers' organizations and repudiated by the Liberal party. It was also claimed that the Manufacturing industry was the greatest in the country with a production of 3,045 millions compared to an Agricultural and animal product of 1,975 millions; one answer to this being that the farmers' product was more essential and fundamental to national well-being than any other.

It was contended by and for the manufacturer that he needed, and by enterprise and investment had earned, protection against the competition of the 100,000,000 people to the South and the cheaper product and labour of Europe; that in a small home market, with comparatively small wealth and financial resources, he could not hold his own or improve production without tariff aid. It was asserted that manufacturing in Canada was inseparably connected with the other industries; that two million wage-earners and dependents secured their living through manufacturing, and that most of the remainder of the population derived indirect benefits therefrom; that the country as a whole had made remarkable progress under the National Policy of protection; that with the entire world swinging towards Protection Canada could not afford to relinquish it; that any revision of the Tariff should be scientific and take into consideration the requirements of all classes; that a stable fiscal policy of Protection, with some assurance of permanence, was the vital need; and, finally, that the aim of any fiscal policy should be to advance Canada towards her destiny as a fully-developed nation within the British Empire.

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*Note —See Agricultural Section—Farmers and the Tariff

Such was the summarized attitude of the organized Canadian manufacturer as opposed to that of the organized farmer who considered all Protection as unwise and undesirable and wanted as close an approximation to Free Trade as might be possible. In between these two elements was quite a large section of the people who, in normal times, were open to discussion and conviction from one side or the other but who, in political contests had been greatly swayed, in the old days, by party feeling; at this time they were influenced by all sorts of discontents, restless new ideas which had nothing to do with political economy or tariffs, considerations quite apart from former parties and principles.

On July 20 it was announced that the Tariff Commission of Enquiry, indicated by Sir Henry Drayton in his Budget speech, would shortly be appointed and would precede a systematic, though not immediate, revision of the Tariff along the lines of Canada's ascertained requirements and following the precedent of Hon. W. S. Fieldling's Commission of 1908. Its composition was announced later as including Sir H. Drayton, Minister of Finance (Chairman), Hon. S. F. Tolmie, Minister of Agriculture, and Hon. G. D. Robertson, Minister of Labour; the first sitting was arranged for and held at Winnipeg on Sept. 1st with Sir H. Drayton presiding and Senator Robertson acting with him. The Chairman described the Commission as a Committee of the Cabinet and declared that the whole object of the meetings was to obtain information as to how the country's fiscal policy was affecting the people of Canada, her industries and her production; to ascertain what changes in the tariff or other fiscal measures ought, in the public interest, to be made, and what alternative and additional sources of revenue could be adopted. He assumed that all Canadians stood on common ground in regard to certain underlying principles:

1. That Canada must pay her way and discharge her current obligations, out of her current revenue.
2. That policies conceived to bring about conditions assuring maximum opportunity of profitable labour in all spheres of human activity, that can be properly and profitably carried on in the country, should be adopted.
3. That in carrying out these principles our fiscal policies, while ensuring the necessary revenue, should be applied in a manner least burdensome to the public.

Sir Henry explained that the country had, in 1920, to bear specific war burdens totalling $296,800,000, while faced with an unfavourable exchange rate in the United States, where 75 per cent. of the nation's purchases were made. The Manufacturers' statement was first submitted by J. F. McKinnon, President of the Canadian Manufacturers' Association and then that of the Canadian Council of Agriculture was presented by N. P. Lambert, Secretary; Thomas Findley followed with an elaborate statement on behalf of the Massey-Harris firm and the Implement manufacturers of Canada. Other statements and opinions were presented on the 15th including representatives of local industries, speaking for the investment of many millions of dollars and urging retention of the Tariff, and such firms as the Beamis Bag Co., the combined Wood and Iron-Working Industries of Winnipeg, representing an invested capital of $3,882,000 and employing several thousand people and the J. H. Parkhill Bedding Co. which all claimed that abolition of protection would force discontinuance of business.

The Single Tax League of Western Canada supported the Council of Agriculture's contention in part, through D. W. Buchanan, and asked a substantial reduction of the Tariff to be followed by a 2 per cent. tax on the unimproved value of all lands in the Dominion which, calculated at a value of $1,000 per head of the population, and taking the population of Canada at 8,500,000, would involve a tax of $170,000,000 and permit of a substantial reduction in the tariff; J. S. Menzies, speaking for the wood and iron working industries, declared that the salaries paid by these industries aggregated yearly $1,288,000 with an estimated output for this year of $4,285,000. In the main presentations of view were included the organized Farmers, the Implement and Textile manufacturers and the organized Manufacturers as a whole. The Farmers' platform, policy and proposals are given elsewhere in this volume; one of the chief elements of attack upon the Tariff was the alleged abuse of protection by the Textile manufacturers whose profits during the war period were said, in Mr. Lambert's statement, to be a reflection upon the current fiscal policy of Canada and a flagrant indication of the injustices which could develop under the protectionist system.

Massey-Harris and Textile Statements. Mr. Findley, in his statement, outlined the growth of the Implement business in Canada and pointed out that the capital invested totalled $93,225,000 while the industry employed 31,000 persons. He undertook to refute charges that the Canadian Implement companies had sold their goods abroad at lower prices than at home and stated that Implement firms exported goods to every country in the world and had done so for the past 30 years; he went on to show that differences in price had increased since the War largely in favour of the Canadian buyers and that in his own Company the sources of profit were as follows: Home trade, 28·1%; foreign, 68·3; investments, 3·6. He held that to reduce the protective tariff on implements would be to give United States manufacturers advantages which would, in time, destroy the Canadian industry. The duties on implements at this time varied from 12½ to 20 per cent and Mr. Findley contended that the Massey-Harris Co. could, on account of its resources and foreign trade, withstand the effect of tariff removal—provided that their raw materials were also free—but that the 100 other implement manufacturers in Canada who had no foreign trade would be destroyed and that under Free trade the requirements of Western Canada in implements would, ultimately, be supplied by factories in the middle Western States, where they would be close to their raw materials and closer to their market than in Ontario.

He added this statement: "We further sincerely believe that the Western farmers would not receive the advantage which some of them expect, as the Western Provinces would naturally fall into the same position in regard to prices and general conditions as now exists in the Dakotas, Montana, Washington, Oregon, Idaho, Utah, California, Texas, etc." He stated that Canadian farm implements were not sold abroad cheaper than in Canada and submitted detailed figures to prove the point and also insisted that misleading comparisons had been made regarding Canadian and American prices of farm machinery. The average difference in price, he declared, was not as great as the average difference in freight which the American farmer had to pay on his implements, and which the Canadian farmer escaped. In response to an enquiry from Sir H. Drayton, Mr. Findley declared that Canadian industry had been misrepresented in the charge that they fixed their prices on American prices *plus* tariff. Prices, he said, were regulated by cost alone. He added this general statement: "Is it not self-evident that there is no monetary privilege enjoyed by manufacturers, generally, under the Tariff, as our manufacturers as a class make no more money than the manufacturers of the United States, although it is not too much to say that they equal the United States manufacturers in ability, courage and initiative." Finally, he urged stability in the tariff on implements for these reasons:

1. That a number of branch factories of United States implement companies had been established in Canada and that a more stable tariff on implements would have led to the erection of many more such branch factories.
2. The tariff policy on implements will determine whether factories to supply implements for western Canada will be buillt in Canada or the middle Western States.

In speaking for the Textile interests R. A. Pringle, K.C., of Ottawa first dealt with the charges as to undue war profits. He claimed that the Companies had to take great financial risks and then only obtained fair average profits; he presented a table showing that the profits made by the textile industries in England were greater than those made in Canada and claimed that as free traders used the profits made by Canadian industries as examples of the too great encouragement given by Protection, they should take the greater English profits as a result of Free-trade conditions; he fyled figures showing the Industry to possess 101 cotton and woollen factories with a capital investment of $258,000,000 and a total production of $347,000,000.

To lower the tariff would, he declared, probably ruin these industries and especially the cotton industry, which would be thrown open to the ruthless competition of Japan, where 700,000 employees were engaged at low wages, working eleven hours a day with no interruption for Sundays and but two days of holidays a month. Referring to the Companies which made large profits during the War, such as the Dominion Textile and Canadian Cottons, Ltd., Mr. Pringle claimed that this resulted from these particular mills working night and day on orders received from the Governments of the United States and Great Britain and at prices fixed by those Governments: "Was it not better that Canada should receive the benefit of this extra money, without any cost to the Canadian people, even if the Companies made a profit?" The profits looked large on account of the enormous quantities manufactured but Canada got the benefit in wages and the Federal Government got the benefit of Excess Profit taxes.

The C.M.A. Tariff Statement. The Canadian Manufacturers statement was a most elaborate one. It was first pointed out in a general way, that any civilized country which aspires to greatness must be strong in the following departments of national activity: agriculture, manufacturing, transportation and finance. Purely agrarian countries had never reached any degree of greatness; purely industrial countries could not exist; both manufacturing and agriculture were helpless without the machinery of finance and transportation to carry their products. Then, it was claimed that, according to the Dominion Census, about 700,000 people were employed in the factories of Canada. Including their families, the number of persons who depended for their living on the wage rolls of Canadian factories numbered 2,000,000. In addition there were probably half as many more of wholesale and retail traders, professional and business men and others who derived the chief part of their income indirectly from industrial establishments. Moreover, as about 80 per. cent. of the total annual produce of Canadian farms was consumed in Canada, chiefly by the people living in towns and cities, farmers were also vitally concerned with industrial interests:

1. To diminish, as far as possible, the importation of goods from foreign countries which could be produced at home.
2. To facilitate the importation of raw materials for manufacturing processes, which could not be produced at home.
3. To encourage the exportation of Canadian goods as finished products.

4. To make Canada self-contained by developing and encouraging within her boundaries all legitimate activities that would give occupation to Canadian citizens.

As to the Tariff, itself, it protected domestic industry by increasing the difficulty of importing competing products; it secured revenue for the Government; it could be used either as a weapon against any foreign country that was using discriminatory methods, or to bargain with a foreign country for tariff concessions that would open desirable market for Canadian products. It was not, in Canada, a high tariff. The average rate of duty on all dutiable importations on Mch. 31, 1920 was 22½ per cent. *plus* the 7½ per cent. War tax which was, later on, abolished; the average rate on all importations, free and dutiable, was 14⅔ per cent. The Canadian Manufacturers' Association did not advocate a high tariff although the fiscal policies of countries were co-related and the present swing of the world's pendulum was towards more protection.

Under Protection in Canada, Forest production had increased since 1881 (to 1919) by $100,000,000, Mining production since 1889 by $159,000,000, Fisheries since 1879 by $46,000,000, Deposits in chartered Banks since 1878 by $1,770,000,000, Life insurance in force since 1878 by $2,178,000,000, and Fire insurance in force since 1878, by $4,500,000,000. There were 600 U.S. factories in Canada established because of and through the policy of Tariff protection. As to the United States, the commercial situation was bad enough with a Tariff. What would it be without one? In the past year each inhabitant of the United States had bought $4.41 worth of Canadian goods, while each Canadian bought $100.26 worth of United States goods. Significant, also, was the fact that Canadian purchases from the United States were largely in manufactured goods while their purchases from Canada were chiefly raw material. It was not surprising, said the C.M.A., that the rate of exchange was against Canada and that its money was at a heavy discount in the United States. Canada, in competing with the United States, operated under certain disadvantages which were summarized as follows:

1. The United States has maintained a protective tariff for 131 years; Canada for 42 years.
2. The United States has a more highly organized industrial system, supported by immense wealth.
3. The United States manufacturers are guaranteed their home market of 105,000,000 people, guaranteed a large output and specialization. The Canadian home market of 8,000,000 has already been seriously invaded.
4. The United States has comparatively a greater labour supply.
5. The customs regulations of the United States discourage Canadian imports while the Customs regulations of Canada encourage United States imports.

Another industrial interest appeared at Winnipeg when D. J. Dyson, as Chairman of the Prairie Division of the C.M.A., made his plea for a tariff in order that the Western wool industry, recently established, might have a chance to live. The West had started the manufacturing of clothing, but the spinning of yarn and the weaving of cloth had yet to come. Give the industry a continued tariff, he maintained, and the result would be a development and localization of the Textile industry for the benefit of the sheep-raisers and the farmers of the West. Already there were 4,118 factories between Ontario and the Coast, and the experience of the world had taught men that agriculture and industry must prosper hand in hand. Leaving Winnipeg on Sept. 16th the official itinerary of the Commission was as follows:

Sept. 17	Medicine Hat	Oct. 18	SaultSte.Marie
Sept. 20-21	Vancouver	Nov. 13	Charlottetown
Sept. 22-23	Victoria	Nov. 15-19	Sydney
Sept. 24-25	Vancouver	Nov. 26-27	Halifax
Sept. 27	Vernon	Nov. 29	St. John
Sept. 30	Nelson	Nov. 30	Moncton
Oct. 1	Trail	Dec. 1-6	Quebec
Oct. 4-5	Calgary	Dec. 20	Sherbrooke
Oct. 6-7	Edmonton	Nov. 4	Three Rivers
Oct. 8	Saskatoon	Nov. 6	Montreal
Oct. 11-12	Regina	Nov. 8	Hamilton
Oct. 13	Brandon	Nov. 9	London
Oct. 14	Winnipeg	Nov. 10	Windsor
Oct. 15	Fort William	Nov. 11	Toronto
Oct. 15	Port Arthur	Nov. 12	Kingston

At Medicine Hat on Sept. 17 Alberta manufacturers stated their case when Charles Pratt presented an elaborate statement showing that in 1905, Alberta had only 97 manufacturing establishments, employing five hands or more each. In 1918 there were 1,252 such plants, and an official but careful estimate placed the present number at 1,584. Fifteen years earlier, the capital invested was under six million and to-day the amount was between 60 and 70 millions while the number of employees in Alberta factories had grown from under 2,000 in 1905 to 15,000. Alberta industries provided a large and increasing market for the primary products of the Province and other parts of Canada and purchased lumber from British Columbia, clay from Saskatchewan, steel from Ontario and many other products from various parts of Canada. Much of the nearly eight million dollar annual food bill of Alberta's factory employees and dependents was distributed to the farmers of the Province, and the industries provided congenial and useful employment for many young people who were not suited to farming and who would be lost to the Province if it were not for the industries. Most of the industries were small as yet, but were it not for the tariff they would not have been established; if the Tariff protection were withdrawn, most of them would be forced out of business.

British Columbia and The Tariff. The Commission was at Vancouver on Sept. 20 when J. B. Thomson, Provincial President of the C.M.A., presented their case. "All countries," said

Mr. Thomson, "which have progressed in industrial life and have become foremost nations, have enjoyed the benefits of a protective tariff. It has been long recognized by the majority of the nations that this form of collection of revenue is one of the most just and equitable ever devised, because it collects from the people according to the expenditure they may make; if one is extravagant, he pays a greater proportion than the man who is economical and saves." Regarding United States competition in the Canadian market, the speaker was explicit: "Their industries have sprung up during a century of stable and permanent Protection; the certainty of the necessary protection has provided them with ample capital permitting of costly experimentation on the most advantageous methods of production; large scale production has caused specialization and corresponding reduction in overhead expenditure; firmly established transportation systems and close proximity to large markets has furnished an added advantage; favourable climatic conditions have rendered the initial costs of production less than they would be in a northern country." Without Protection, the newer and smaller Canadian industries could not compete.

He urged that a Preference tariff be arranged within the British Empire: "The War had linked the whole Empire closer together and one of the greatest safeguards against future wars would be that, within the Empire, we would be able to obtain by interchange all requirements for the British nation." As to British Columbia: "We have increased our manufacturing establishments until now we have some 1,700 plants furnishing employment for more than 40,000 of our residents and exclusive of the mining and logging industries. . . . It is admitted that the iron and steel industry is practically the master-key to all industrial life. Many industries here are the fore-runners of what it is anticipated will be, possibly in the near future, the greatest industry in our Province, namely, the manufacture of iron and steel products." In the meantime, they could not live without protection. Here also, the Manufacturers Association of British Columbia—an organization distinct from the C.M.A.—expressed through A. B. Weeks: (1) approval of the British preference and the hope that it would be extended; (2) support of a permanent Tariff Board similar in its character to the Railway Commission; (3) approval of reduced duties on raw material for local industries not produced in Canada and upon goods wherein the Canadian production was inadequate to the demand.

The Hon. Dr. S. F. Tolmie had joined the Commission at this stage and was with them at Victoria on the 22nd and 23rd. Vancouver Island as represented at Victoria, appeared strongly in favour of the Tariff. Its reasons were the present prosperity of the Island, the industries of which represented a capital investment of $250,000,000, with annual production of $200,000,000, a yearly payroll of $40,600,000, and 40,000 employees. Competition from the Orient was one of the main grounds for objecting to any Tariff reduction. A. C. Flumerfelt, as financier and citizen, thought it his duty to testify in favour of the Protective tariff principle. Through a quarter of a century he had watched the development of the industries on the Coast in a constant struggle with the ever-present menace of American competition, and the cheap labour products of the Orient. Protected industries, he claimed, supplied freight to keep transportation routes busy when farm products were not being shipped. If this were not so the cost of freight on farm products would be prohibitive. Farmers had benefitted from protection in Canada, not only by provision of transportation facilities and strong financial conditions, but because:

1. The industries made possible by a protective tariff paid the greater proportion of taxation for the upkeep of national, provincial, and municipal Governments.
2. The development at home of the flour-milling and meat-packing industries meant increased competition with outside buyers for agricultural products and ensured to farmers the highest competitive prices.
3. The enlargement of the demand for farm products for consumption within this country reduced the surplus for which the producer had to find export markets.
4. Canadian bacon, marketed directly, instead of through U. S. packers, had won for itself a permanent reputation in the world market and the same was true of Canadian hard wheat flour.
5. It afforded an opportunity of employment for farm help and others in local industries during seasons when work on the farm was slack.
6 Industrial communities were drawn upon to a considerable extent in harvesting operations and the cost of such help was less than if the labourers had to be imported from the United States.

The Commission returned to Vancouver on the 24th and 25th and heard the United Farmers of British Columbia present a case which was by no means Free trade in character and the Fruit Growers of the Province distinctly demand Protection; J. McCormack of the B. C. Lumber and Shingle Manufacturers' Association, asked protection for the Lumber interests. On Sept. 27 the Commission was at Vernon, B. C., and heard the Fruit interests of the beautiful and fertile Okanagan Valley plead for protection against American competition, in an able Memorandum, and describe how production of fruit and, especially, apples, had followed Tariff aid and how the canning and evaporating business had grown. At Trail (Oct.1) T. A. Robley on behalf of the Board of Trade stated that although there were only about 2,500 men employed at the Smelter, the population dependent on the successful operation of the plant was nearly 20,000. On its success, also, many large and small mines were dependent. As the development of the mineral resources of the district were bound up closely with the industry, it was said to be clearly a case for adequate Protection; the Canadian Consolidated Smelting and Mining Co., asked for protection on zinc sheets and copper rods, now free of duty, and on pig lead, on which the protection was declared insufficient as against Spanish, German and Belgian lead coming to Canada under the British preference. On fluorspar they asked a duty of $1.50 a ton, or the same as the United States duty against the Canadian product.

At Nelson, on the previous day, evidence was given by the Associated Boards of Trade of Eastern British Columbia and the Nelson Board of Trade, which desired reduction or removal of the duties on those classes of mining and milling machinery and on tools and supplies, used in connection with the mining industry and not manufactured in Canada. It was pointed out that many of these types of machinery, indispensable in the mining industry, had to be imported. The Mountain Lumber Manufacturers' Association, representing 450 mills with 10,000 employees, had urged that lack of some protection on lumber was a far more serious thing for Interior mills than for those on the Coast, which latter benefitted by having other markets and a larger proportion of high-grade product. The Central Farmers' Institute for West Kootenay asked for continued protection of the British Columbia fruit-growers against dumping of United States fruit in Canada. As to the tariff, generally, the principle of Protection was favoured, wherever necessary for the encouragement of young industries.

Western Manufacturers and The Tariff. The Commission reached Calgary on Oct. 4 and heard many interests. James Weir M.L.A., and a Non-Partisan, said that farmers did not want Free trade but only lower duties and made the curious statement that under free trade in bindertwine a farmer in his own district paid 20 cents a pound for binder twine and, on a farm which he owned in Oregon, paid 16 cents. Coal operations were represented by W. F. McNeill and declared the present duty on bituminous coal for railway and industrial use to be essential; it had made possible the development of Alberta mines; reduction of duty would allow imported coal to replace Alberta coal in Manitoba markets; curtailing of this market would lead to heavy increases in price and retard development of the mines; installation of modern machinery would be stopped by the loss of markets; hope of competing with imported coal in the Northwest of Ontario would be impossible; an assured emergency supply of coal for western Canada would be lost by the retarding of mine development in Alberta; other industries would be adversely affected and Alberta as a Province would lose revenue; further investment would be curtailed and a production of $420,000,000 would be endangered.

William Georgeson, on behalf of the Calgary branch of the Canadian Manufacturers' Association, submitted a written statement of the benefits of the Tariff and gave, in detail, the increase of Calgary as an industrial centre from 69 industries in

1900 to 240 in 1920, from a capital investment of $2,000,000 to $30,000,000 and from 307 employees to 4,225. Along the same lines, R. P. Costello, on behalf of the Metal Trades, Ltd., submitted a similar statement on the growth of that industry in Calgary, which he alleged to be largely due to Tariff protection. R. J. Deachman urged Free trade and attacked the Ford Motor Company of Canada as selling a more expensive car—$165 more—than the same product in the United States and making tremendous profits therefrom.

Henry Berkinshaw submitted an elaborate statement to show that Canadian products such as woollens, ginghams, khaki, etc., were undoubtedly lower in price than either the American or English supplies and submitted one list of prices from Huddersfield on tweeds which showed much higher prices than the Canadian product; R. J. Hutchings of Winnipeg, through Mr. Georgeson, presented the arguments for protecting manufacturers of saddlery, harness and accessories and declared that should the tariff be removed he would at once "confront the competition of large houses in Seattle, Portland, Spokane and Great Falls, who would use Alberta as a field in which to dispose of overplus stock at slaughter rates." H. W. Wood spoke for the Farmers and freer trade while S. Roy Weaver, for the Canadian Reconstruction Association, replied to some criticisms of the Shoe industry by Mr. Deachman and contended that in 1919 the average profits of Boot and Shoe manufacturers was 5·29 per cent. on turnover and 7·37 per cent. on capital; several agricultural industries testified as to local expenses in farming and the losses incurred over a term of years.

Edmonton evidence (Oct. 6) was of the usual mixed variety. C. G. Robson, representing the local Manufacturers, declared in his statement that: "Our greatest need is colonization of productive areas, but we must have a corresponding development of urban communities, and these require for their proper growth a suitable measure of industrial development." Industries in Alberta were shown to have increased since 1905 from 97 to 1,584, with capital investment increased from $6,000,000 to $60,000,000, and employees from 2,000 to 15,000. Its natural resources included 12 valuable minerals, with 14 per cent. of the coal reserves of the world, and ensured an ultimate industrial development. But Protection was essential and, if maintained, would assure the home market to Alberta manufacturers and would permit the investment of capital, the enlargement of plants, and an increase of output.

Harvey Shaw of the Northwest Biscuit Co., testified that biscuit prices in Canada were lower than in the United States while all raw material used by the Edmonton factories were wholly Canadian products. Sales in 1919 totalled over $1,000,000 and no advantage was taken of the tariff to fix biscuit prices which were reached after careful calculation of actual cost and the addition of a reasonable profit. C. A. Graham, representing the Great Western Garment Co., with a turnover of $2,100,000, declared that the quoted prices of March last on eight ounce denim, which fixed the price on all heavy textile goods, was: Canada, 63 cents; United States, 70 cents; England $1.02. They could not withstand free American competition. At Saskatoon, on Oct. 8, the Manufacturers' case was presented by A. I. Turnbull, who asked:

1. An adequate protection for all industries already established or which it is reasonable to suppose can be successfully undertaken in Canada.
2. A reduction of the Tariff in any case where it can be demonstrated that the Tariff is higher than necessary or where it is established, should such cases exist, that the tariff is being used as a means of taking improper profits.
3. The appointment of a permanent non-partisan Tariff Board to keep the Government constantly advised as to changes advisable or necessary in the Tariff either as to decreases or increases.

At Regina (Oct.11) the Saskatchewan Liberal Government presented its case against the Tariff through Hon. W. F. A. Turgeon, Attorney-General, while Hon. George Langley of the Government presented views which he claimed to be those of the 22,000 farmer Shareholders in the Saskatchewan Co-Operative Elevator Co., and J. B. Musselman represented the Grain Growers' Association. C. J. Watson submitted the case for the Saskatchewan manufacturer and urged Protection for these reasons: (1) to restrict the dumping of goods in Canada which were produced abroad; (2) to encourage the establishment of industries in Canada and retain manufacturing here; (3) to make possible here the development of efficient industries with a quantity output; (4) to aid new factories to come to Saskatchewan where higher prices for plant and equipment would have to be paid than in older Provinces with overhead expenses greater. In 1917 the number of industrial establishments in Saskatchewan was 1,436, the Capital investment $33,000,000, and the product $40,000,000.

The Commission reached Brandon on Oct. 13 and here J. L. Brown, President of the United Farmers of Manitoba, demanded a material reduction in Customs duties. "Tariff protection," he said, "has not populated the cities but has depopulated the farms. If the present conditions continue," he declared, "the only class left on the farm will be the person content to remain in the status of the European peasant." Roderick McKenzie and W. R. Wood also spoke. Mrs. J. S. Wood of the United Farm Women and Miss Mabel Finch of the Women's Section of the Council of Agriculture testified as to the high cost of living and the varied hardships and privations of farm life—and blamed the Tariff for all of them. In answer to questions, Miss Finch admitted that she took it for granted that the manufacturers added the tariff to the cost of products sold. The case for the manufacturers was presented by A. R. McDiarmid who said that if the tariff was removed he would fear the closing up of the factories on this side of the line and this would make Canadian citizens practically dependent on the Americans for sources of supply. P. M. Ames, Managing Director of Manitoba Engines, Ltd., stated that had it not been for the Tariff this local industry would not have been established; it was responsible, also, for developing local competition and, to-day, four other Companies in Western Canada were manufacturing such products as windmills, wood and iron pump lines, pumping jacks, and saw frames.

The Winnipeg session (Oct. 15) brought out a final protest against the Tariff from Mr. Lambert and the Council of Agriculture, and an attack on the Tariff from Hon. T. C. Norris, Provincial Premier, along the lines set by the Farmers' party. C. Rice-Jones of the United Grain Growers' Co. stated that the Company had been able to purchase farm implements on the American side, pay duty, and still place the machinery in the hands of the farmer more cheaply than the corresponding Canadian-made goods. One reply was that he was helping American manufacturers to "slaughter" their goods in Canada. T. R. Deacon,, Edward Parnell and J. R. K. Bristol spoke strongly for the manufacturers. Mr. Deacon declared that the iron and steel interests of Winnipeg would have to close up if there was any considerable reduction in duties. J. T. Stirrett, General Secretary of the C.M.A., also spoke in answer to various bits of anti-Tariff evidence. W. D. Bayley, M.L.A., combined labour views and liberty in trade.

Fort William and Port Arthur were visited on Oct. 16 and here Lieut.-Col. S. W. Ray presented the case for the Iron-ore industry and J. E. Marks for the Mining interests in general; imports of iron and steel products in 1919-20 were described as $186,319,876 and exports only $81,765,629; the suggested remedy was that the Government pay a bounty of at least 50 cents per ton on ore to the producer—whether he was the owner of the mine or not. The available ore in sight in this district was given as follows: Atikokan iron-range 25,000,000 tons; Loon-lake iron-range 25,000,000 tons; the Mattawan and Kaministiquia ranges, banded-ore running from 35 to 40 per cent., 150,000,000 tons; Nipigon and Little Long Lake ranges with equal probabilities of tonnage. Dr. R. J. Manion, M.C., M.P., suggested a Parliamentary Committee of Enquiry; incidentally Mr. Marks pointed out that the raw material of the iron manufacturer was largely a half-finished product from the United States subject to duty and expensive; the 25 per cent. duty on this new material, with adverse exchange, added about $65,000,000 of a handicap to the industry; A. E. Cole of Port Arthur presented a Free-trade Memorandum and Sault Ste. Marie (Oct. 18), offered a request for an iron-ore bounty.

Maritime Provinces and The Tariff. The Commissioners returned to Ottawa and on Nov. 4 were in Charlottetown where the Farmers presented a not very vigorous case against the Tariff and the few Island manufacturers concerned had little to say. At Sydney, N.S., the situation was very different and Lieut.-Col. Thomas Cantley presented a strong case for the Steel and Coal operators. He declared that the existing coal duty, ranging from 10 to 53 cents a ton, was entirely inadequate: "A specific duty of $1.00 a ton on all coal would so stimulate production and distribution as to make Canada within 10 years independent of all outside sources and add enormously to the wealth of the Dominion. Nova Scotia blast furnaces and associated steel plants are wholly dependent upon Wabana, Newfoundland, a considerable portion of which ore is won from a submarine area at a point 1½ to 2 miles from the surface-hoisting plants. This ore, freighted by sea to North Sydney and Sydney, is subject to an export tax levied by the Newfoundland Government. The ore averages about 50 per cent. metallic iron conveyed in a fluid state to basic open hearth furnace for conversion into steel ingots." In conclusion, the statement said: "We appeal for a revised tariff which will provide, by way of increased duties and the total abolition of the free-list Steel items, a substantial amount of protection to the coal, iron and steel industry of Nova Scotia, which has contributed so largely to the development of the wealth of Canada with but a very small return to shareholders." A bounty was not asked for but some of the workmen testified a desire for it.

At Halifax (Nov.8) the United Farmers of Nova Scotia were heard in a mild treatment on the Tariff issue; R. H. Mackay of New Glasgow described the advantages of the Steel and Coal industry to Pictou County; Hon. G. H. Murray, Premier of Nova Scotia (Liberal) testified to the great importance and increasing value of this industry to the Province. He pointed out that the pay-rolls of the Companies totalled $29,000,000 in 1920 compared with $25,000,000 in 1919, that their royalties to the Provincial Government were a vital source of revenue and totalled $697,000 in 1920 compared with $600,000 in 1919, that 22,000 men were employed in the industry within Nova Scotia and 3,000, without, and that there was an approximate investment at stake of $138,000,000 compared with $30,000,000 in 1897. A. H. Whitman, President of the Board of Trade, contended in a detailed statement that a reduction in the Dominion's general tariff rates upon imports of foreign goods would tend to increase foreign imports by rail and to correspondingly decrease commerce overseas. He urged special consideration of seaports in any tariff adjustment, declared that trade treaties with friendly overseas countries would serve to expand our sea-borne trade, as was the case under the late Franco-Canadian Convention, and advocated Preferential arrangements with British Dominions. St. John was reached on Nov. 9, Moncton on the 10th and Quebec on the 11th.

Quebec Manufacturers and The Tariff. At the latter point a case for the Farmers was presented of quite moderate character, as to Tariff proposals, and Hon. Nemese Garneau, M.L.C., who read it, declared that: "The average existing tariff on articles essential to agriculture is 21 per cent. This average is too great for the country's industries. They can well exist and produce reasonable returns to their proprietors with an average tariff of 12 per cent." Of the cold-storage warehouses he said: "Most of these establishments have passed into the hands of speculators who use them for monopolizing the food supply, making illicit speculations and destroying at will thousands of tons of victuals for the purpose of creating a shortage on the markets. A severe inspection of these establishments has been required for a long time." At Quebec, also, a lengthy list of successful manufacturers backed up the Tariff with facts and personal experience.

Jos. Picard, ex-President of the Board of Trade, dealt with the Tobacco interests to show that the producer benefitted as well as the manufacturers. In 1895 there was no duty and the Quebec *habitant* got nothing for his tobacco and grew it for personal use; in 1897 a duty of 10 cents a pound was imposed and in 1908 the production was 5½ million pounds; the duty was raised to 28 cents and in 1914 10,800,000 pounds were raised; in 1918 there was an advance to 40 cents a pound in duty and in 1919 the output was 22,000,000 pounds with half the Canadian demand under supply. J. H. Fortier, a manufacturer of Quebec, declared in his argument that free trade or low duties would deal a blow at 10,522 industrial establishments, employing 208,283 people with over one-third of Quebec's population dependent upon them, and that any Government which introduced Free trade in Canada, would run the risk of stripping $158,000,000 yearly from the pockets of the workers.

He also pointed out that the average value of farm lands in the Province was $72 an acre, compared with its average value of $43 back in 1900 before the industries got a firm grip. In later years, with industries booming and increasing the number of industrial workers, there was such a demand for farm crops within Quebec, that the land values had gone up by leaps and bounds. Mr. Fortier cited the case of the Lake St. John district, where a farming community of 39 parishes had recently sprung up around the pulp and paper mill centres—about 300 miles from Montreal and 200 miles from Quebec. Twenty years ago, he declared, the land was barren of inhabitants and to-day farms of 150 to 200 acres in that district were selling at $25,000 to $30,000 because the industries imported such large numbers of workmen that there was a keen local demand for the produce of these farms. The chief need of Quebec industries was Protection for the pulp and asbestos resources of the Province.

They deplored the big shipments of such produce to the United States and hoped that any tariff revision would take into consideration the fact that Quebec wanted to do its own manufacturing at home rather than have its raw produce shipped out of the country. In Montreal, where Hon. P. E. Blondin acted with the Chairman and Senator Robertson, there was much protectionist argument and sentiment expressed. The Hon. M. Martin, Mayor and a Liberal, described the Tariff as "the basis of the prosperity of the Dominion." A prosperous country required to protect the sources of its prosperity, which were its markets, and to protect the three classes on whom its prosperity depended—the manufacturers, the workers, and the consumers. Albert Monette, for the Market Gardeners, dealt with the alleged benefit of Protection to this interest; F. W. Stewart spoke for the manufacturers of the City. His preliminary statement was as follows:

> During the past 20 yers, the City has experienced a great industrial development. In 1900 there were located here 932 plants officially enumerated as manufacturing establishments. In 1918 the number was 2,150. The capital invested in 1900 was $57,148,661. In 1918 it was $468,-401,480. During the same 18 years the number of persons to whom the manufcturing establishments in Montreal gave employment increased from 44,633 to 157,878. Wages were six times greater in 1918 than they were in 1900. In 1900 the aggregate purchases of material for manufacturing use was only $36,945,187. In 1918 the industries bought materials to the amount of $479,719,736. These latter figures are significant as indicating the way in which the growth of industries here has provided a market for raw materials and manufactured and semi-manufactured goods. The value of manufactured products in Montreal in 1918 was $628,979,956 as compared with only $71,099,750 in 1900.

The Tariff was described as the mainstay of industry and the following argument presented: "Canada is growing agricultural products considerably in excess of the requirements of our people. While we are under the necessity of finding export markets for such surplus of farm products, and while we are also exporting raw materials in their crude state, the Dominion is paying annually an enormous amount of money to other countries for manufactured goods. By still further encouraging the production of food in excess of Canadian requirements and neglecting to build up an industrial population which would provide manufactured goods and at the same time consume the products of Canadian farms, this country would be under increasing dependence on foreign purchasers of grain. Foreign markets for our grain may be lost by embargoes, and protective tariffs imposed by other countries, or by transportation difficulties, but the home market is certain and dependable." As to Quebec Province, only a very small percentage of the farm products was exported: "The population of Montreal, Quebec, Three Rivers, Sherbrooke, St. Hyacinthe, St. John's, St. Jerome, Coaticook, Granby, and other industrial cities and towns in this Province and elsewhere in Canada constitute a market which absorbs almost all of the merchantable products of Quebec farms."

The mutual interest of farms and industries was put as follows: "It is well known that a substantial part of the loanable funds of the Banks is provided by the savings accounts of industrial employees and others, with the result that money is saved in the cities and made available for financing and marketing the crops and for helping in the development of the agricultural sections. Then, too, many of the manufacturing companies operating here have branch factories or warehouses distributed throughout the entire Dominion, giving employment to local people and contributing towards the development of the cities and towns in which they are located." All kinds of individual industries testified as to the value and need for Protection—musical instruments, iron and steel, textiles, wall paper, boots and shoes, box makers, chemicals; representatives from Cornwall, Valleyfield and Granby came to speak of their dependence upon industry and the tariff; all were agreed that U.S. competition could not be met without a tariff.

F. G. Daniels of the Dominion Textile Co., stated that they had always based their prices upon the original cost of the raw material and in 1918 had made a large sum as the result of a reserve of 14,000,000 pounds held on a rising market; the profits had been largely placed in a rest account and now, with the recent drop in raw material from 45 to 20 cents a pound, Mr. Daniels feared it would mean the complete wiping out of that rest account. Sir Charles Gordon also spoke with A. O. Dawson of Canadian Cottons, Ltd. J. D. Palmer, Fredericton, President of the Canadian Boot and Shoe Association, testified that prior to 1907, these manufacturers were just struggling along, but when the Government sought to remedy conditions by increasing the tariff by about 25 per cent., there was a prompt change in business and now the Association reported 161 establishments in the Dominion with 50 factories in Ontario turning out 30·8 per cent. of the total production. Together with the primary industries dependent upon boot and shoe activities for their business, the industry employed 25,000 people with, approximately, 100,000 dependents and Mr. Palmer declared that even a small reduction in the protective tariff would result in scores of factories having to close their doors.

A. H. Clement, President of the United Farmers of Quebec, submitted a Memorandum declaring that farmers were anxious to get better conditions, a better market, and cheaper agricultural implements and other supplies. On the 17th organized Labour, through J. T. Foster, President of the local Trades and Labour Council, asked for a permanent "advisory" Tariff Board which would maintain sufficient protection to keep Canadian labour always busy, while, at the same time, keeping the tariff low enough to prevent unnecessary raising of the cost of living to the consumer. Representatives of the Canadian Federation of Labour, a national organization with 7,000 members in Canada, of whom 3,600 were in Montreal, stated their adherence to the idea of a moderate tariff. W. W. Butler, J. T. McCall and T. P. Howard spoke for the iron and steel interests with a backing of 30 large firms and Brig.-Gen. A. E. Labelle for the milling interests; all urged adequate protection as essential. Mr. Butler went so far as to ask for a Tariff which should prevent any American competition whatever. J. J. Denis, M.P., (Liberal), for Joliette, led a delegation from that County, and urged that no agricultural products which could be grown in Canada should be admitted under the Tariff. Various industrial interests followed in backing up the tariff—the Canada Cement Company, leather goods, printers, wool waste people, tin can makers, chocolate manufacturers, etc.

On the 18th A. L. Dawe, Secretary of the Canadian Pulp and Paper Association, declared that Canada was far behind its principal competitor in paper making, which needed every assistance and encouragement possible to ensure continued development, and to overcome the handicap of increased capital expenditure: "If the newsprint industry were solely dependent on the home market, the demand would be insufficient to maintain any considerable number of mills and the price would necessarily be higher." S. J. B. Roland also spoke. F. P. Jones of the Canada Cement Co., had direct and original views. Estimating the permanent revenue needs of Canada at not less than $350,000,000 per annum, he thought that $100,000,000 could be raised by excise duties and moderate income taxes. The annual imports exceeded $1,000,000,000, and Mr. Jones calculated that a general tariff rate of 30 per cent., with a preference of one-third to British goods, would produce $250,000,000. He would abolish the free list entirely.

Ontario Industry and The Tariff. At Hamilton on Nov. 26-7, G. H. Douglas, President of the Hamilton Branch of the C.M.A., presented an elaborate statement, giving facts and figures as to the progress of Hamilton for a number of years back, showing how the city had developed in commerce, industry and population and giving three reasons for this advancement—Protection, electrical power and productive rural surroundings. Senator E. D. Smith presented a long Memorial urging continued protection for the Jam industry and the fruit growers—in the former industry the output had increased 455 per cent. since 1914; the Canadian Florists' and Gardeners' Association suggested a number of changes in Tariff schedules and various Textile manufacturers from different points presented their claims; Robert Hobson, President of the Steel Company of Canada, declared in an elaborate statement that if protection were eliminated the Canadian steel industry, which was just beginning to develop, would be ruined completely—present rates even were not adequate; A. F. Hatch of the Canada Steel Goods Co., Ltd., said that many manufacturers had located in Hamilton, especially United States concerns, by reason of the present Protective tariff and, if it was reduced or abolished, the selling field would be restricted, output reduced and cost of production greatly increased.

Many other manufacturers testified as did business men and merchants representing industrial interests from Welland to Brantford and, with the Hamilton speakers, all urged tariff maintenance as essential; Lieut.-Col. R. W. Gregory spoke as a fruit-grower and declared they could not stand against U.S. competition while J. A. Livingston, President of the Niagara Grape Growers, wanted higher rates of duty. At London (Nov. 29) the farmers as well as manufacturers were represented and there were delegations present from a number of other Ontario towns. Lieut.-Col. W. M. Gartshore of the McClary Manufacturing Co., stated that the Company had recently had orders from the West Indies, cancelled in favour of German-made goods and read a memorandum prepared by his Company, and five other enamelled-ware and metal products companies of Montreal Hamilton, Toronto, London and Hespeler, urging a higher tariff against German goods.

A number of protectionist farmers from various counties testified and H. A. Gilroy from Mount Forest asked protection for beet sugar growers. Windsor, on Nov. 30, supplied a considerable protectionist advocacy from tobacco growers in Kent and Essex Counties; F. Maclure Sclanders presented the brief for the Border Cities of Ford, Walkerville, Windsor, Sandwich and Ojibway which, he said, formed the third largest industrial centre in Ontario with 200 operating industries, of which 106 came from the United States, and a population of 55,000—an increase of 131 per cent. within nine years. He was emphatic as to the cause; "Protection is the cause; the splendid effect is evidenced in all our United States factories. Without this cause there could be no effect. We should have no American industries." A permanent, expert, Tariff Commission was urged.

In Toronto on Dec. 1st the Commission heard J. R. Shaw, Chairman of the Ontario branch of the C.M.A., in a careful statement: "We respectfully point out that the Province of Ontario manufactures 48 per cent. of the total amount of goods made in Canada; that the population of Ontario is about one-third that of the Dominion, and that the area of this Province is three times as great as that of the United Kingdom and almost twice as great as either France or Germany." Discussing the reasons for such a success, despite the absence of resources in coal and iron, Mr. Shaw instanced: (1) The Customs Tariff, by assuring a home market, had enabled Ontario manufacturers to produce in large quantities and to ship their products east and west; (2) the water powers available in the Province, which had already attained a creditable measure of development; (3) the extent and value of natural resources, including those of agriculture, which had furnished a considerable proportion of the raw material for industry. "We submit," he added, "that the Tariff has been the most effective of the three; without it there would have been neither the opportunity nor the necessity for so great a measure of development of electric energy from water power and, moreover, a great part of the natural products of Ontario, now manufactured within the Province, would have been exported in the raw state."

T. A. Hollinrake, Chairman of the Toronto branch of the C.M.A., said that Toronto now produced 14 per cent. of the goods manufactured in Canada and 31 per cent. of the manufactures of Ontario. W. F. Maclean, M.P., attacked the Newsprint manufacturers as not treating Canadian publishers decently. The Toronto Typothetæ, representing, approximately, 85 per cent. of the pay-roll and production of the printing industry in Toronto, presented a brief, in which they claimed that the Canadian printing industry had been wonderfully developed through tariff protection and insisted on its retention. The Magazine interests asked for Protection in some form and it was pointed out that for the year ending Mch. 31, newspapers, quarterly, monthly and semi-monthly magazines, and weekly literary papers, unbound, entered Canada to the amount of $2,010,310, on which no duty was paid. The duty on unprinted paper was 25 per cent., and if the same rate of duty were imposed on the printed product of foreign magazine and periodical publishers, brought into Canada, the revenue of the Customs Department would be considerably increased. If the 25 per cent. duty were applied to the value of raw paper in foreign magazines and periodicals coming into Canada, this in itself would tend to relieve the competitive disadvantage under which Canadian publishers were labouring. Attention was also called to the large amount of undesirable literature which was coming into Canada from across the border.

The Hon. E. J. Davis, one-time Liberal Minister in Ontario, presented a brief for 131 tanneries. There were, he said, a number of towns in the Province almost dependent upon these industries—amongst them Acton, Bracebridge, Huntsville and Burk's Falls. In this he was supported by H. P. Moore of Acton—also a Liberal. Vincent Massey answered certain charges as to the Massey-Harris Co. having sold its product at higher prices in Canada than in the United States; a group of confectionery, biscuit and chocolate manufacturers urged maintenance of the tariff—C. J. Bodley, Secretary of the Association, pointing out that a large percentage of the ingredients which made up the biscuits were drawn from the farms of Ontario—flour, butter, eggs, honey, preserved fruits, milk and lard. For freer trade Mr. Premier Drury and the U.F.O. representatives spoke at length. The Kingston sitting of the Commission was on Dec. 21 and, with the exception of two farmer representatives, a numerous list of speakers from Frontenac County and Belleville stood for Protection while two industries—cutlery and brushes—asked for an increase of rates. This closed the enquiry and the Commissioners returned to Ottawa.

A curious incident of the year associated with Tariff matters was an effort made by Gilbert M. Murray, formerly Secretary of the Canadian Manufacturers' Association, to influence that part of the press of Canada which was hostile to Protection through its business interests and advertising returns. On Oct. 1, 1919, Mr. Murray had issued a private and lengthy circular to a selected list of manufacturers which was made public by the *Grain Growers' Guide*, of Winnipeg, on Mch. 17, 1920. In it Mr. Murray argued that the opposition to Protection had two sides: (1) It was unpatriotic and, in that, it concerned the nation as a whole; (2) it was bad business and, in that, it concerned the individual manufacturer and should be dealt with as a business matter. He quoted various newspapers in bitter criticism of manufacturers and their tariff policy and urged the latter to adjust their advertising appropriations and schedules so as to omit such journals from the list; he then asked them, as a business matter, to sign an agreement with himself for editorial review, advice and reports as to the character of Canadian newspapers, their opinions and public policy—this agreement and the information to be confidential and the former for a term of years.

The *Grain Growers' Guide* took this as directed, especially, against itself as being the organ of the Farmers and freer trade and it published a series of vigorous and denunciatory articles. The Manufacturers' Association, through J. E. Walsh, General Manager, denied any connection with the plan; the Toronto *Globe* of Mch. 8 described it as a scheme to buy or bludgeon the press; during the year, as a result of leadership in protest and denunciation by *The Guide*, 400 Resolutions were passed by branch associations of the United Farmers throughout the West protesting against the Murray plan and these were supported by the Canadian Council of Agriculture, and the U.F.O. of Alberta and the Grain Growers of Saskatchewan—the Council declaring Mr. Murray's project to be part of an organized campaign among the protected manufacturers of Eastern Canada to cripple or control the low tariff press of Canada through the withdrawal of advertisements.

In a two-page article on Dec. 8, *The Guide* reviewed the situation and stated that this origanized movement had resulted in a "reduction of the advertising revenue of *The Guide* by more than $1,000 a week," with a probable loss of $100,000 during the coming year. It endeavoured, in turn, to persuade farmers not to buy from those who withdrew their advertisements from *The Guide.* On Dec. 29, 1920, Mr. Murray issued another confidential bulletin (also published in *The Guide*) warning individual manufacturers that: "The organized farmers, under the leadership of fanatical theorists, have been worked up into a veritable frenzy of resentment against a fiscal policy that they have come to look upon as special privilege. They are out to effect changes by a process of destruction—a process that once initiated may go to untold lengths before it can be checked."

The Canadian Pulp and Paper Industry in 1920.

Of the larger Canadian industries, that of Pulp and Paper was the most conspicuous in 1920; it had the greatest advance in apparent profits and prices and perhaps the most serious check when the deflation period got under way. During the first part of the year, numerous re-organizations took place amongst the older Companies, with increased capital and business expansion as the basis, while a number of new projects were announced or initiated or got under way—some of them held up in the latter part of the year.

Census figures for 1918 showed a capital investment in the industry of $241,344,704 against $186,787,405 in 1917, or an increase of 29·21 per cent.; the number of mills operating had increased in the same period of a year from 83 to 94 and the total of production from $96,340,327 to $119,309,434 or 23·84 per cent.; the salaries and wages rose between 1917 and 1918 from $20,358,019 to $26,974,225 or 32·5 per cent., and the average number of wage-workers from 21,402 to 23,934; the total consumption of pulpwood in 1918 was 2,210,744 cords or an increase of only 5 per cent. over 1917. Of the wood-pulp produced in the Dominion in 1918, 820,584 tons were used by mills for the manufacture of paper, 736,609 tons were made for sale—the latter being divided into ground wood-pulp, and sulphite fibre—and realized a total of $41,302,882 or an average value per ton of $56.07. The paper product of the mills in 1918 was as follows:

Paper Product	Tons	Value	Average per ton	Per cent. of total tonnage	Per cent. of total value
Newsprint	734,783	$46,230,814	$62.91	75·93	63·22
Book and Writing Paper	48,150	10,732,807	222.90	4·97	14·68
Wrapping paper	61,180	7,341,372	119.99	6·32	10·04
Boards	87,749	5,551,409	63.26	9·07	7·59
Other products (paper)	35,862	3,267,142	91.10	3.71	4.47
All other products		3,577,369			
Total	967,724	$76,700,913		100 00	100 00

There were in 1918, 23 mills engaged in making Newsprint, 16 in book and writing paper, 16 in wrapping paper, 13 in boards and 18 in other paper products, with a cost for materials totalling $37,549,336 against $28,617,334 in 1917, or 31·2 per cent. increase. Official figures for 1919 showed a further increase to 99 mills, to a capital investment of $264,581,300, to salaries and wages of $32,323,789, to a wood-pulp production of $48,562,088 and a paper product of $91,362,913—including $54,427,879 for Newsprint, and $12,571,000 for book and writing paper. Estimates for 1920 showed a capital investment of at least $300,000,000, a consumption of 3,500,000 cords of pulpwood and a product of over $200,000,000. There was an increase during 1919 in the total market value of the preferred and common shares of nine Companies whose shares were listed on the Toronto and Montreal Stock Exchange of $40,000,000 or 80 per cent.—from $52,061,379 at the beginning to $93,206,043 at the close of the year; during the first half of 1920 the process continued but later on the inevitable reaction came

The growth of the industry was reflected in its exports which, in respect to Newsprint alone, increased from 292,578 tons in the fiscal year of 1914 to 713,626 tons in 1920—a total export in the seven years of 3,527,648 tons. The value of the exports grew from $11,386,845 in 1914 to $52,203,792 in 1920; for the calendar year 1920 the exports of Paper were valued at $86,744,010 of Chemical pulp $58,819,170, of Mechanical pulp $17,574,806 or a total of $163,128,937 compared with $78,352,826 for the 12 months of 1919. The demand, in fact, was steady up to the closing months of the year when there was a tendency at reduction; deflation in prices was slow because of the continued cost of raw materials and labour. Practically all the pulp-wood manufactured in Canada in these later years of war and peace went to the United States—the 108,803 tons out of a total of 146,791 tons in 1913 growing to a total, in 1919, of 504,003 out of 662,427 tons. According to elaborate data compiled by the Toronto *Financial Post* of Sept. 24, 1920, the great pulp and paper Companies had a capital and annual capital charges, and owned timber limits and other interests, as follows—the total horse-power in their water powers being 401,700 and the development 165,000 h.-p.:

Company	Bonds, Preferred and Common stock	Annual capital charge	Timber Limits Square miles	Estimated Production Cords
Abitibi	$ 9,357,500	$ 556,450	1,362	5,000,000
Brompton	4,515,000	142,500	487	2,700,000
Donnaconna	5,300,000	241,500	662	3,250,000
Laurentide	28,000,000	....	3,000	....
Riordon	53,401,000	1,255,000	10,530	25,000,000
Howard Smith	5,212,700	192,760	748	3,000,000
Wayagamack	8,346,800	200,808	2,056	7,500,000
Price Bros.	13,706,298	270,605	8,000	20,000,000
Spanish River	28,388,700	733,560	1,831	12,000,000
St. Maurice	7,949,900	3,000	.....	....
Mattagami	7,361,500	556,690	965	4,000,000
Whalen	17,052,500	598,675	242	4,000,000

There was during 1920 a marked process of re-organization amongst the Companies by means of new stock issues or re-issue of old stock under new conditions; amongst those concerned were the Abitibi Power & Paper Co., Ltd.; the Laurentide Co., Ltd.; Price Bros. & Co., Ltd.; the Brompton Pulp & Paper Co., Ltd.; the Provincial Paper Mills, Ltd.; the Howard Smith Paper Mills, Ltd.; the Wayagamack Pulp & Paper Co., Ltd.; and the Riordon Co., Ltd. The announced object was, usually, an enlargement of operations or increased production. Of new concerns there were the Three Rivers Pulp & Paper Co., Ltd., incorporated and capitalized at $4,000,000; the Manouan Pulp & Paper Co., chartered with $6,900,000 of capital issued; the St. Regis Paper Co., Ltd., a branch of the American concern, with a capitalization of $1,600,000. Over 30 Companies extended their existing mills or built new ones during the year.

The most important incident along these lines was the Riordon Pulp and Paper Co. re-organization in May as the Riordon Company, Ltd., with control of two big subsidiaries—the Kipawa Company of Temiskaming, and the Ticonderogo Pulp and Paper Co. of New York State—and acquisition of the large Ottawa Valley interests of many square miles of timber held by the W. C. Edwards Co. and the Gilmour-Hughson Co. The amount involved in the merger was very large and under it the Riordon Co., Ltd., became a holding Company with payment for its properties by issue of new securities in exchange for the old. According to the Ottawa *Journal* (May 31) the holding of the consolidated Companies was approximately 12,000 square miles of timber limits, containing some 25,000,000 cords of pulp wood, 1,200,000,000 feet of standing pine, more than 150,000 h.p. of water power, including developed and undeveloped, a pulp and paper output of approximately 150,000 tons per annum, or about 500 tons per working day, and an annual pine lumber output of 125,000,000 feet board measure.

I. W. Killam and the Royal Securities Corporation of Montreal were instrumental in the creation of the Merger and the total interests involved were estimated at $60,000,000. On June 18 an issue of $8,500,000 cumulative, 8 per cent., first preferred shares, carrying a bonus of 20 per cent. common stock, were issued by the new Company whose authorized capitalization was announced as $30,000,000 of the above stock with $10,000,000 to be issued; $10,000,000 of 7 per cent. convertible, cumulative 2nd preferred shares with the whole amount to be issued; common shares of $40,000,000 of which $27,000,000 would be issued. The first issue was taken up and a good block of it sold in the United States.

Meanwhile, there had been a tremendous rise in Pulp and Paper stock values—perhaps the biggest boom of the kind in Canada's experience. The demand for pulp and paper was ever increasing; United States and British paper interests were competing as to development of Canadian pulp resources; newspapers in the States, in England and in Canada wanted more paper than the mills could provide. According to the Toronto *Globe* the stocks of the ten leading Pulp and Paper Companies of the Dominion, which were worth $46,082,000 on Dec. 31, 1918, estimated by the price set by transactions on the Exchanges, had increased in market value on July 14, 1920, to $185,626,000. The Montreal *Financial Times* of July 17 gave the extent of the rise in certain stocks between 1916, 1919 and 1920 as follows: Abitibi 1916 (low) 65, 1919 (high) 290, 1920 (high) 435; Howard Smith, respectively, 80, 151, and 280; Laurentide, 176, 276, and 375; Riordon, 59, 191, and 226; Price Bros. 60, 260, and 266; Wayagamack 27, 90, and 135; Brompton, 43, 87, and 150. Early in August, however, came a break though it was claimed by the journal quoted above, on Aug. 14, that the current earnings and future profits of these Companies justified high prices and the increase in earnings on common stock, after fixed charges but before depreciation, were quoted as follows: the Laurentide from 10·5 per cent. in 1916 to 28·3 per cent. in 1919; the Abitibi 11·1 per cent. and 32 per cent., respectively; Price Bros. 16·1 per cent. to 32·4 per cent.; Spanish River 4·2 per cent. to 14·2 per cent. In November there was a further serious and continuous shrinkage in the market values of many Paper stocks.

During these industrial and financial ups and downs there was a fundamental issue at stake. A popular impression of the period was that Canada's pulp and lumber resources were almost unlimited but it was far from being the truth. Dominion and Provincial authorities in Canada—especially the Conservation Commission—had long been warning the public against this belief and the Provincial Governments of Ontario, Quebec and New Brunswick had prohibited, or greatly restricted, the export of pulpwood to the United States. There was really a distinct economic limit to forest exploitation and there was a large percentage of natural as well as avoidable wastage—a total wastage of timber every year from fire, decay, wind-falls and floods estimated at nearly 2,500,000,000 feet or, approximately, 5 per cent. of the standing merchantable saw timber in Canada. The annual pre-war cut of saw timber was 900,000,000 cubic feet, and of pulp-wood over 200,000,000 cubic feet. The processes of felling, transporting and milling reduced the output to about 40 per cent. of the cut in the case of saw timber and 80 per cent. in the case of pulp-wood.

In Bulletin 25 issued by the Canadian Pulp and Paper Association it was estimated that Quebec had 155,000,000 cords of wood suitable for paper making or about 52 years' supply at 1918 rates of production; that Ontario had, similarly, 138,000,000 cords available or about 67 years of supply in wood accessible by existing transportation; that New Brunswick had 26,000,000 cords and Nova Scotia 25,000,000 cords or, in the one case, 26 years' and in the other 80 years' supply at 1918 rates. The annual output of Canada in 1920 was more than that of Sweden, Norway and Finland; the total product of Canadian forests, however, owing to depletion by fire, wind, wasteful logging methods, and the budworm pest, would not, according to careful estimates, meet the total demand of the United States for more than 15 years; if conserved as it ought to be, it might supply Canada alone for an indefinite period. According to Clyde Leavitt, Dominion Chief Forester (Jan. 5) the Provincial resources of Canada in pulp-wood—without regard to accessibility—was as follows: Quebec, 300,000,000 cords; Ontario 200,000,000; New Brunswick 33,000,000; Nova Scotia, 30,000,000; British Columbia 255,000,000.

As the demand for pulp-wood and paper increased in the United States, there was a strong tendency to denounce Canada for selfishness in conserving its "illimitable" resources; Senator Underwood, early in the year, urged the appointment of a Commission to negotiate with Canada for modification in existing Provincial restrictions upon export of pulp-wood with the power to retaliate if such modification were not granted and his Resolution was approved by the Senate and the House Committee on Foreign Affairs. It was contended that 63,000 tons of Newsprint was the amount by which United States production and importation fell short of the year's consumption. As the American export of Newsprint in 1919 was 110,295 tons, it would seem that economy in export would have easily made up the deficit in supply.

At this time the Forest Service of the Department of Agriculture at Washington estimated that, in less than 20 years, 95 per cent. of the pulp and paper mills in the United States, more especially those located in the Eastern United States, would have practically exhausted their supplies of spruce, hemlock and fir. Owing to special causes—chiefly the unprecedented growth of advertising and the huge Saturday and Sunday issues of American papers—the current demand in Canada and the United States was, during the greater part of 1920, about 600 tons per day in excess of the combined production of Newsprint. The lavish export from Canada to the States, as a result of the high prices offered by the greater newspapers there, caused serious trouble in the Dominion.

According to a careful study of the situation by John M. Imrie of the Canadian Newspapers' Association (Aug. 21), in January all the daily newspapers of Winnipeg were suspended for five consecutive days, while other newspapers in Western Canada were on the verge of suspension. Subsequently, in June, 25 per cent. of all the daily newspapers in Canada were facing the possibility of suspension after July 1st, owing to inability to secure any assurance of supply after that date even at current contract prices for export to foreign countries. The trouble was largely confined to three Canadian mills. Two of the three, later on, agreed to continue supplies within Canada and other manufacturers stepped in, at great inconvenience to themselves, to take care of the Canadian customers of the third mill.

Yet, during this very period, with retaliation in U.S. export of coal, kaolin, sulphur and dyes threatened against Canada, the United States was consuming 87 per cent. of Canada's output while only 13 per cent. was being kept for Canadian home consumption. The Royal Securities Corporation, in its monthly journal for June, dealt with the Underwood proposals, which for months had been under U.S. discussion, and declared that when "interference takes the form of political action, promoted by certain American interests to compel the Canadian Provinces to afford United States papermakers easy access to Canada's unmanufactured pulp-wood for convertion into pulpwood and paper in United States mills for the benefit of U.S. manufacturers, we believe that the time has come for plain speaking." The issue, however, did not come to a head in this form.

Meanwhile, the Newsprint situation had been a serious one for Canadian newspapers and book publishers; the prices for paper ever rising and more than keeping pace with the growing costs of labour—Newsprint in 1916 was $44 a ton, in 1917 $60, in 1918 $75, in 1919 $80, and in 1920 $110. In England during June, of the latter year the British Weekly Newspaper Association issued a Memorandum showed the cost of Newsprint as growing from a rate of 2 cents per pound, before the War, to 12½ cents at this time; the cost for a weekly paper of 150,000 circulation increasing by $30,000 a year; the cost of a publication using 20 tons of paper per week at $830 a week leaping up to $5,780. The Paper shortage in Canada during the year was due, in the final analysis, to export to the United States of paper which should have been kept in Canada and, in this connection, trouble arose between the Fort Frances Pulp and Paper Co., and Price Bros. of Quebec and the Dominion Government.

As Canadian papers used 110,000 tons or 13 per cent. of the total product of Canadian paper mills, the Paper Controller, R. A. Pringle, K.C., late in 1919 issued an order directing that the 13 per cent. of Canadian product used in Canada should be supplied at $80 a ton for 6 months, the price at which many contracts were in force between Canadian mills and American papers; and at the market price of the United States afterwards. This order, which implied that each Canadian mill should give for local consumption, its fair share of paper, up to 13 per cent. of its output, was finally accepted by all the Canadian manufacturers except Price Bros. of Quebec and the Fort Frances Company.

Mr. Pringle stated that Price Bros. had been selling 2,000 tons in Canada out of an annual output of 75,000 tons and he called upon them for a quota of 8,000 tons or 11 per cent. Sir William Price, head of the firm, protested vigorously and in the Quebec *Chronicle* of Jan. 6 said: "As business men, the whole question for us is as to whether we, manufacturers of paper, of all other producers, are to be restricted in our constitutional right of dealing with whom we choose and of retaining our right of freedom of contract. We base our refusal upon the total absence of jurisdiction in the Ottawa authorities and in the Paper Controller in the premises and we will seek, by all legal means at our disposal, to resist the carrying out of the orders given."

The Government's answer was the issue of two Orders-in-Council dated 6th January: (1) giving the Minister of Customs power to refuse export licenses to anyone seeking to export Newsprint paper, the product of a mill which had refused to comply with any order of the Controller of Newsprint, Book-paper, etc.; (2) providing that when the Paper Controller shall have ordered any Newsprint paper manufacturer to provide newsprint for the use of any newspaper publisher in Canada at prices fixed by the Controller, the Controller could by notice in writing, requisition any quantity, within the limit fixed by such Order, as might be necessary to attain its object.

Meantime, the Fort Frances Company had increased their U.S. shipments and decreased their supply to Western Canadian papers, including those of Winnipeg, to 14 tons a day—a supply which the Paper Controller, R. A. Pringle, K.C., had specifically ordered them to furnish at the rate of 50 tons a day. This action drew from Mr. Pringle, on Jan. 10, a direct and positive order that the Company should ship to their Western customers at the rate of 1,306 tons of newsprint per month; he added that he would see that to the extent in which this shipment exceeded the quota of 13 per cent. of the ratable capacity of their mill, there would be compensatory shipments from an eastern mill which would be placed at their disposal for the U.S. markets. "Shipments must be resumed to-day on this basis," Mr. Pringle wired the Company on Jan. 10, "otherwise I will instruct Commissioner of Customs to place embargo on paper and also will have to commandeer." Instructions were sent to J. S. McNicol, representing the Paper Controller at Fort Frances, to see that this order was carried out.

On Jan. 12 the Company refused to obey this order and took defiant action in the matter; two days later the Government put a complete embargo on export of paper from the Fort Frances Mill to the United States; on the 17th all the Winnipeg papers had to cease publication. Combined action of the Customs Department, and the Railway Commission, and the Government however, forced a change in the Company's attitude and by the 23rd a shipment reached Winnipeg and publication was resumed. Meanwhile, Mr. Pringle had resigned upon points of policy involved and R. W. Breadner of Ottawa was temporarily appointed in his place so far as Newsprint was concerned. Instructions from the Government at this time were as follows: "After the mill has shipped from time to time the amount of paper necessary for Western Canada papers, as fixed in order of Paper Controller of Jan. 10, balance of production may be shipped to the United States." A settlement was reached on Jan. 26.

Following this, Price Bros. of Quebec took their protest and objections to the Supreme Court of Canada in an appeal against the order of the Paper Controller and Government; it was heard on Mch. 18 with E. Lafleur, K.C., for the Company, and O. M. Biggar, K.C., for the Government and a judgment rendered which held that Newsprint was not a "necessary of life," therefore not under the jurisdiction of the Dominion Government. Another phase of the general question developed when, on May 29, representatives of 27 newspapers published in Ontario waited upon Sir H. Drayton, Minister of Finance, and told him that* because of contracts made with the Donnaconna Paper Company by the Hearst papers of the United States, and of the demands on the Ontario Paper Company's supply by the Chicago *Tribune*, one fourth of the daily papers of Canada were faced with the prospect of extinction within a month. Already the St. Catharines *Journal* and the Peterborough *Review* had, chiefly for this reason, been forced to suspend. It was explained that the Hearst papers demanded exact fulfilment of existing contracts with the Donnaconna firm and that the Chicago paper required, and financially controlled, the output of the Thorold mill of the other company. The situation then rapidly came to a head and a special general meeting of the Canadian Daily Newspapers' Association at Ottawa, on June 5, passed a long Resolution (1) describing the Agreement made on Oct. 21, 1919, between a Committee of the Canadian Pulp and Paper Manufacturers' Association and the C. D. N. A. providing that the manufacturers should at all times supply the Newsprint requirements of the newspapers of Canada; (2) pointing out that this had not been done owing to difficulties in the case of two or three mills and that 25 per cent. of the daily papers of Canada had no assurance of a supply after July 1st; (3) declaring that a substantial number of newspapers had had their supplies diverted by certain mills to the United States with no prospect of this loss being made up by other mills; (4) stating that the requirements of the Canadian press were only 15 per cent. of the total product of the mills and urging the Federal Government to pass legislation requiring each Newsprint manufacturer, unwilling to do so, to supply his proportion

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*Note—Toronto *Globe* report, May 31, 1920 of the domestic requirements at prices not higher than the current contract price for export to foreign countries.

A little later (June 16) Sir Robert Borden presented a measure in the Commons dealing with this question, by means of the proposed licensing of certain exports. It was referred to a Committee which heard both sides and tried to effect a settlement by compromise; the additional tonnage of paper required for the period of July 1-Dec. 30, 1920, was finally sifted down to 2,750 tons; one-half of this the Canadian Pulp and Paper Association undertook to supply and, though the Fort Frances Pulp and Paper Co. refused to come to any terms as to the amount, which it was claimed they should supply, the matter was settled by J. R. Booth, of Ottawa, undertaking to provide the other half. The Bill was, therefore, withdrawn.

Incidents of the year included a statement by Glyn Osler, Counsel for the Publishers before Mr. Commissioner Pringle (Jan. 5) in Toronto, that manufacturers' profits on book-print were $29.40 a ton and that in the past few years the profits of the manufacturers had increased more than 400 per cent.; the enquiry by the Paper Control Tribunal composed of three Judges—Hon. A. S. White of New Brunswick, Hon. Charles Archer of Quebec, and Hon. W. E. Middleton of Ontario—into the allegation of the Canadian Newspaper Publishers' Association that the Fort Frances Pulp and Paper Company had charged Western newspapers during 1918 and 1919 in excess of the amount allowed by the Paper Controller; the decision by the Tribunal on July 8 that the Company must refund to the various newspapers concerned all charges over and above the authorized prices for Newsprint—amounting to about $122,000—and at the same time allowing the appeal of the Fort Frances Co. against another ruling and permitting the Company to charge $80 a ton for paper from and after Dec. 31, 1919; the carrying of the matter into the Courts when, in December 1920, the Manitoba *Free Press* and 13 other Western dailies sued the Fort Frances Pulp and Paper Co. for a refund of $124,759 due for Newsprint in excess of the prices fixed from time to time by the Minister of Customs and the Paper Controller, and confirmed by the Paper Control Tribunal, while the Company counter-claimed for amounts alleged to be owing on the ground that the various controlling bodies had no authority or jurisdiction to fix prices.

Another incident was the re-organization of the large interests of the Whalen Pulp and Paper Co. of Vancouver, the retirement of Sir George Bury from its management, and election of a Board of Directors which included two representatives of British shareholders and three of American shareholders together with James Whalen, I. W. Killam, Montreal, Professor Lawrence Killam, Vancouver, T. W. McGarry and M. J. Haney, Toronto, and W. D. Ross of the N. S. Steel and Coal Co. In New Brunswick large pulp interests at Glen Falls and Bear River were united under control of Clarke Bros., Ltd., and much development work started; at Montreal a new Company, headed by Greenshields & Co., of Montreal, was formed to take over operation of the plant of the Dryden Pulp and Paper Co., at Dryden, Ont., from the late English owners and to continue upon an enlarged scale the production of kraft pulp and paper and development of its 1,157 square miles of timber limits in the Kenora district of Ontario—with W. A. Black, J. B. Beveridge, J. N. Greenshields, K.C., J. H. A. Acer, Hon. Lorne C. Webster and Dan. McLachlin of Arnprior as Directors.

Other matters included the contract, in March, of the Laurentide Co., Ltd., with the New York *Times* Publishing Co., to supply the latter Company with the entire output of two new paper machines being installed in the Laurentide mill at Grand' Mêre, amounting, approximately, to 40,000 tons a year, for a period of five years beginning with Jan. 1st, 1921; the visit to Canada in April of G. R. Hall Caine, representing an English syndicate of seven of the largest British newspapers which was said to be ready to spend $40,000,000 in acquiring an adequate and continuous supply of Newsprint and to already control the steamship line necessary for transportation and the pulp mills in Canada and paper mills in England necessary to manufacture it; the contract in August between the Ontario Government and the Spruce Falls Pulp and Paper Co., for the sale to the latter of the 400 acres of the Kapuskasing Colony farm and various pulp-wood limits and waterpower rights in Northern Ontario with, also, pledges to start mill construction at once and pulp-making early in the new year; the purchase in August of large pulp interests and the Gulf Pulp and Paper Co. by English interests headed by Lord Northcliffe and a later acquisition of pulp interests, also in this Province, by Lord Burnham for his newspaper interests.

Iron and Steel Interests of Canada; the British Empire Steel Corporation.

The iron and steel interests of Canada were seen during 1920 from a rather spectacular viewpoint, but, none-the-less were they a vital and fundamental industry; during the War they were, of course, an absolutely essential factor in nearly all war-manufacturing. Despite these facts, the metallurgical industry in 1920 still supplied less than half the tonnage of Canadian requirements in iron and steel products and still based its growth largely upon imported ores, fuels and fluxes, and remained dependent upon United States raw materials. In 1916 the value of pig-iron produced in Canada was $16,750,898, in 1917 $24,290,101, in 1918 $33,495,171, in 1919 $24,577,589; in the same calendar years, respectively, the value of iron and steel goods imported into Canada was $129,090,168, $187,191,534, $178,340,179 and $181,332,310; the value of iron and steel goods exported from Canada was, in this period, $63,837,681, $46,791,681, $61,772.613 and $84,058,924. Summarized, the Imports during these four years totalled $675,954,781 in value and the Exports $256,460,899—the exports for 1919, however, being 8 times those of 1912. The ratio of import values to exports was in 1912 about 2¼ to one and in 1919 10 to one.

There was not much iron-ore produced in Canada at this time—the shipments in 1919 being 197,170 tons valued at $693,386—and what there was came chiefly from the Moose Mountain magnetite and the Magpie siderite mines in Ontario; British Columbia, Quebec, Nova Scotia and New Brunswick, which had formerly produced limited quantities, had practically ceased to do so at all. Of 20 iron blast furnaces in Canada, 14 were in blast during 1919 for varying periods with the Dominion Iron and Steel, N. S. Steel and Coal, the Steel Company of Canada and Algoma Steel, as the chief factors in production. As to annual manufactured production, steel ingots in 1919 stood at $993,039 and steel castings at $1,030,342; the product of Canadian rolling mills showed 316,304 short tons of steel rails, 153,723 of wire rods and 309,290 of bars and plates; the export value of steel billets, blooms and ingots was $1,731,529 (28,087 short tons) and imports of the same product from the United States were 277,012 short tons valued at $19,787,779.

The Reports of the four larger Companies in Canada, as submitted to their 1920 annual meetings and covering 1919-20 conditions, were important, and all showed signs of progress. The Nova Scotia Steel and Coal Co. Ltd., after allowing for preferred dividend, earned 6 per cent. on the $15,000,000 of common stock; the combined profits of the Company and its subsidiary concerns were $2,193,304 and the net profits, with surplus carried over, left $3,646,461 available for distribution; the volume of business was $6,889,941 and the output of collieries 550,965 tons; the pig-iron which was made averaged, monthly, 35,676 tons, that of steel ingots 58,238 tons, steel ingots, cogged, 54,645 tons and steel billets, re-rolled, 44,468 tons; the production in all branches was less than one-half that of 1918 and much of the year was spent in overhauling war conditions and plants; the tons of iron raised at the Wabana Mines totalled 213,410 tons compared with 76,767 tons in 1918; the total current Assets were $9,063,081 and current Liabilities $1,391,524—the total general Assets were $35,714,907.

The Dominion Steel Corporation, Ltd., holding Company for the Dominion Iron and Steel and Dominion Coal Companies, in its Report for the year of Mch. 31, 1920, showed earnings, after deducting all expenses, of $5,532,529; after setting aside sums for sinking fund and depreciation and bond interest, the net profits were $3,261,613 with a balance of $2,281,613 transferred to Profit and Loss—which then totalled $8,211,236; the production of all collieries was 3,502,069 gross tons and, during the fiscal year, the pig-iron product was 184,229 tons, steel ingots 219,943 tons, blooms and billets for sale 26,165 tons, standard rails 68,976 tons, wire rod 44,436 tons and bars, wire, nails and plate 32,425 tons. The annual Report mentioned the following current conditions: "While our coal properties are not producing as much coal as we have the right to expect, we are fortunate in the possession of an unlimited market. Similar conditions prevail in the steel industry, and we have no difficulty in disposing of every ton we are able to produce. At the present time three blast furnaces are in operation at Sydney, and we expect that a fourth unit will be put in blast in August. The entire output of our steel works is sold for the balance of this calendar year at attractive figures."

It was also pointed out that the strongest competition of the present and future was from the United States: "During the first three weeks of the War and prior to the time when the United States threw in her lot with the Allies, the American steel Companies accumulated large surpluses, which were not at that time subject to abnormal taxation. This enabled them to write down the cost of existing plants, to build large extensions, thus increasing their output, and to install every known improvement and labour-saving device tending towards increased output and lower cost."

To meet this situation the Company was turning to England for capital and support and a London Advisory Committee had been appointed, and was afterwards confirmed, with Colonel W. Grant Morden, M.P., as Chairman. The comment of the President, Roy M. Wolvin, was as follows: "I might state that Colonel Morden's financial connections in Great Britain are such that excellent facilities for future financing are made available through his co-operation. So with other members of the Committee. Viscount Furness is the Chairman of the extensive Furness group of English Steel Industries; Mr. Benjamin Talbot is Managing-Director of these Companies; Sir William Beardmore is Chairman of William Beardmore & Co., shipbuilders of Glasgow; Major-General Sir Newton Moore is a former Prime Minister of Western Australia, Director of the General Electric Company of England, and associated closely with the Australian steel industry; Mr. Henry Steel is Chairman of the United Steel Companies of Great Britain." The following table affords a useful record of the Company's position in the five years 1916-1920:

	1920	1919	1918	1917	1916
Net earnings	$5,532,529	$ 8,768,054	$11,030,112	$12,967,874	$7,004,316
Less sk. fd. depr.	1,266,855	1,304,322	1,384,241	1,859,595	1,192,823
Balance	$4,265,674	$7,463,732	$ 9,645,871	$11,108,279	$5,811,493

Balance	$3,261,614	$ 6,450,469	$ 8,581,662	$ 9,551,166	$3,995,226
Less interest	1,004,060	1,013,263	1,064,209	1,557,113	1,816,267
Pref. div.	980,000	980,000	980,000	1,330,000	980,000
Avail. for com.	$2,281,614	$ 5,470,469	$ 7,601,662	$ 8,221,166	$3,015,226
Com. div.	2,029,629	1,765,373	1,444,396	320,907	
	$ 251,985	$ 3,705,096	$ 6,157,266	$ 7,900,189	$3,015,226
	7,959,252	13,754,157	7,596,892	4,037,389	1,022,164
	$8,211,237	$17,459,253	$13,754,158	$11,937,578	$4,037,390
Less adjustments	—	9,500,000	—	—	—
Surplus forward	$8,211,237	$ 7,959,253	$13,754,158	$11,937,578	$4,037,390

The Lake Superior Corporation also indicated the effect of reaction from war production and its statement for the year of June 30, 1920, showed net earnings from operation $3,722,152 or a decrease of $1,719,421. The chief subsidiary company was the Algoma Steel Corporation with net earnings from operation of $3,147,694, net income of $1,570,314 and surplus of $2,968,444; the tonnage handled by this Company was 642,680 tons of imported coal, 525,708 tons of imported ore, 242,414 tons of limestone produced, 441,125 tons of coke produced, 299,892 tons of pig-iron produced, and 558,195 tons of steel ingots and other steel products. The Report of the President, W. H. Cunningham, pointed out that conditions were improving and that in the last quarter of the fiscal year the steel plant was working up to capacity: "Orders in hand at the close of the year in steel and iron products amounted to 268,000 gross tons, which will assure capacity operation until December, 1920." A large development of the year in this corporation was the commencement in May of construction on a structural steel mill at Sault Ste. Marie to cost $7,000,000; it was intended to finish building within a year and to start production of about one-third of Canada's requirements or 100,000 tons a year.

The Steel Company of Canada with headquarters at Hamilton, had gross profits for the year 1919 totalling $4,000,340 compared with $3,932,669 in 1918; the net profits for application on common stock were $1,927,430 or 16·76 per cent., and the surplus carried forward in Profit and Loss $8,196,302 or 30 per cent. of the Company's entire funded and share capital outstanding; the working capital and current assets, exceeded current liabilities by over $11,000,000. It may be added that the total production of pig-iron in Canada during the first 6 months of 1920 was 502,667 short tons (499,891 tons made in blast furnaces and 2,796 tons made in electric furnaces), as compared with a production of 524,977 tons during the first half of 1919 and 392,804 tons during the second half of 1919. The average monthly production during this half year period was 83,778 tons, as compared with an average monthly production throughout 1919 of 76,482 tons.

The great event of the year in this industry, however, was the public initiation and development of the British Empire Steel Corporation, Ltd. The moving spirits in this great project were Roy M. Wolvin, Mark Workman and W. Grant Morden. As at first worked out, the scheme was to unite the Dominion Steel Corporation, the Nova Scotia Steel and Coal Co.—with its control of the great iron mines at Wabana, Newfoundland—the Halifax Shipyards, Ltd., the Canada Steamships Co., Ltd., and some lesser concerns, in a tremendous merger of coal, iron, steel and shipping interests. The basic idea was to have something big enough and strong enough in Canada to compete with the gigantic iron and steel interests of the United States—especially the U.S. Steel Corporation with its total capitalization of $868,583,600, the Bethlehem Steel, with $105,000,000, and the Midvale Steel, $100,000,000. The first public step in this connection was the appointment of the London Board of the Dominion Steel Corporation and the interest thus attached to, and expressed in, the Canadian industry. Mark Workman, in an English interview—*Canada*, May 13, 1920—stated in this general connection that:

> When I was over here a year ago, I saw the rising price of coal and ore, and I realized that the production of steel here was costing much more than than it did in Canada. In the Dominion we have plentiful supplies of ore and do not have to import any, while this country is obliged to look to Europe for its supply. The Dominion has ample to supply Great Britain with all she needs. During the War, it was well known that other interests had been desirous of getting control of our ore fields, and have even approached us with very favourable offers. I thought the matter out and came to the conclusion that there was a possibility of our being able to be a help to the Empire and at the same time realizing our natural ambition to dispose of our iron ore and steel. The idea grew in my mind until I thought I saw my way clearly. One of our Directors cummunicated with Lord Furness and so negotiations began. To Colonel Grant Morden credit must be given for interesting in the project the leading steel, iron and shipping men of Great Britain. This group of Englishmen has since developed into the London Advisory Committee.

Sir Newton Moore was in Toronto on Feb. 2nd, after a visit to the Sydney, N.S., properties, and expressed clear-cut views to the newspapers as to the advantage of Empire co-operation in Canadian development: "With its resources in the way of iron ore and coal, and with the excellent geographical situation of Sydney, there is a splendid future ahead of the Corporation, if we take advantage of our opportunity in the world's markets. What is essential is that production be increased to the maximum output of the plants and the mines, thus reducing costs. We have invested several millions of dollars as proof of our confidence in what the future holds for the iron and steel and coal industries of the Dominion, especially, in so far as the Dominion Steel Corporation is concerned." This direct statement as to British investment in the Corporation aroused much public interest; it was followed by a meeting of the Directors of the Corporation at Montreal on Mch. 24, when Mark Workman retired from the Presidency after four years' service and was appointed Chairman of the Board and a member of the Advisory Board in London; Roy M. Wolvin, a comparatively young man of 40, was elected President after one year's service on the Board, but with a record of rapid advancement in the control of financial and transportation interests.

Colonel Grant Morden was in Canada during April and took advantage of a banquet tendered him at Ottawa by the Empire Parliamentary Association on Apl. 14 to make definite announcement as to the proposed merger and consolidation of interests—its objects and policy. Senator J. P. B. Casgrain presided and Sir Henry Drayton, with Messrs. Ballantyne, Doherty, Meighen, Reid and Rowell, of the Government, 24 members of the Senate, Hon. Mackenzie King, Mr. Speaker Rhodes and 47 other members of the Commons, were present. The Chairman first paid tribute to Grant Morden's financial capacity and his share in organizing the Canada Steamship Company—one of the biggest in the world—with palatial steamers and huge freighters, with lines to France and the West Indies and South America; and then to his place in English public life and his personal influence. The guest of the evening spoke at length and, after some reference to the Empire and public affairs, plunged into his statement.

The value of consolidation was illustrated by the merger policy of the great Banks in England which was generally approved as a strong factor in national reconstruction and financial recovery: "What is essentially necessary is the financing of the great industrial concerns of the country to enable them to get back their business which they have lost during the War. These consolidations put our banks in a position to save what might have been a very severe economical condition in England and made possible the almost phenomenal success by which British industry has regained its share in the world's markets." It was coal and steel which made the supremacy of England; it would be coal and steel which would mean the success of Canada. The reasons for optimism and action in this respect were sound: "On the Atlantic seaboard of Canada lies the greatest deposit of ore and coal known of in the world to-day. There are over 5,000 million tons of iron ore, 15 per cent. of the total estimated commercial iron ore in the world, lying there; and side by side with it is over 6,500 million tons of coal all lying at tide-water with some of the finest harbours in the world. Consequently steel should be manufactured there cheaper than in any other part of the world. The geographical location is unique; it is closer to South America than the United States; closer to South Africa than to England; a ferry service could be run across to the Clyde."

Capital, however, was lacking for development, experience was needed: "I happen to be associated with some of the largest steel masters in England. I went to them and I said, 'you have the capital, you have your great finishing mills in England, you have your established connections in the markets of the world, but we have in Canada the raw materials, and we can make you your slabs and your billets much cheaper than you can produce or secure them in any other place.' They agreed, and so have made possible the plans which are now being completed for the formation of the greatest industrial organization in the British Empire." Colonel Morden then pointed to the history of the two great steel companies of the United States and the 14 lesser concerns there. The two big Companies—the United States and the Bethlehem Steel—found it necessary to work closely together and so combine resources in order to capture export trade. If this was necessary in the States, how much more so in Canada!

Transportation he considered vital to Canadian success: "When the U.S. Steel Corporation was formed, they took into that consolidation not only their steel plants, their ore properties, their coal mines, but also took in their own shipping companies and shipyards." Hence the decision to do the same in this British Empire Steel consolidation. Details of the proposed merger were not given in this speech and the press was full of speculation and enquiry, with widely-felt interest in financial and industrial circles. In Montreal, on May 2nd, however, Grant Morden announced that the project had emerged into the stage of definite existence and that, capitalized at $500,000,000, this Canadian consolidation of steel, coal and transportation Companies, associating the iron and coal deposits of the Atlantic seaboard of the Dominion with the steel-making experience and financial resources of Great Britain, was an accomplished fact. The share capital was to be as follows:

	Authorized	To be Issued.
7 per cent. cumulative preferred	$ 50,000,000	$37,000,000
8 per cent. do (participating)	100,000,000	25,000,000
7 per cent. non-cumulative preferred	150,000,000	68,000,000
Common	200,000,000	77,000,000
Total	$500,000,000	$207,000,000

The three chief corporations were to enter upon the following terms—subject to approval by their shareholders: Dominion Steel Corporation—$95 par value in 7 per cent. non-cumulative preferred stock of the new Corporation, *plus* $40 in common stock to each holder of $100 of the security known as "Iron common." Canada Steamship Lines, Ltd.—$100 par value in 7 per cent. non-cumulative preferred stock, *plus* $45 in common; and N.S. Steel & Coal Co., Ltd.—$90 par value in 7 per cent. non-cumulative stock, *plus* $40 in common. Included with the Dominion Steel, the N.S. Steel & Coal, and the Canada Steamships and their subsidiaries, were the Canada Foundries and Forgings, Ltd., the Maritime Nail Co., Collingwood Shipbuilding Co., Port Arthur Ship-building Co., Halifax Shipyards, Ltd., Davie Ship-building Co., Ltd. (Levis) and their various subsidiaries. Other negotiations were in progress. The physical Assets of the merger were estimated at $403,000,000. The London Advisory Board would be the same as that previously appointed by the Dominion Steel Corporation.

In an address at the Toronto Board of Trade on May 3rd, Grant Morden emphasized the cheaper production done by mergers: "The history of any great consolidation has shown that it tends to decrease costs. The economy of 10 or 12 great concerns working together is obvious, the elimination of overhead charges, overlapping of freight charges, the saving of advertising—and all these features in the aggregate mean a very large sum." As to method of organization, the speaker said: "We have an appraised value that has been substantiated by the greatest experts obtainable on the North American continent and in England, of $403,000,000 of Assets *plus* a surplus of some $42,000,000 of quick assets over current liabilities. In other words, we have a net asset value there of about $450,000,000." Comment in England was mixed as to these statements. The *Times* financial writer (May 4) said: "It marks a new stage in the era of industrial combinations and it will probably prove the forerunner of others, if the British Empire is to reap full benefits from its association of self-governing nations in development. The British steel makers are taking a wise step in safeguarding their future supplies of raw material and providing Canada with the opportunity of working her mineral resources on a big scale." Warnings against excessive capitalization, or too large prices for subsidiary concerns, were given by other journals.

Parliament at Ottawa discussed the matter on May 4 when Sir George Foster stated that a charter had not yet been issued though it had been asked for and that the matter would first be carefully looked into. Michael Clark, R. L. Richardson and E. W. Nesbitt criticized the practice of watering stock and by implication charged the Merger with this policy. Edmund Bristol, J. A. Currie and D. D. McKenzie of Cape Breton, N.S., approved the project. In the Nova Scotia Legislature on May 3rd Hon. E. H. Armstrong introduced a Government measure providing for the merger of the N.S. Steel and Coal Co., Ltd., and the Dominion Steel Corporation, Ltd., into the British Empire Steel Corporation, Ltd., and granting Provincial incorporation. Grant Morden, in reply to his Parliamentary critics, stated (May 5), as to comparisons with the U.S. Steel Corporation, that 20 years ago the latter's physical Assets were represented by bonds, the ore and coal by preferred shares, and over half a billion dollars common stock represented the good will, or what is commonly termed water. In the course of 20 years the "water" had been eliminated and there were now $219 of assets behind each $100 of common stock. On the other hand the British Empire Steel Corporation started without one penny of good will, or "water" and, in addition, did not capitalize at all its enormous holdings of ore and coal which were in excess of the holdings of the U.S. Steel Corporation. Also, there was to-day an appraised value, substantiated by the most conservative and expert authorities, of over $350 behind each $100 share of common stock, in the new combination.

In the Senate on May 5, Hon. Fred. Nicholls, a Director of the Dominion Steel, declared that: "These British capitalists have undertaken to take $25,000,000 of 8 per cent. cumulative preference stock at par, and to put that $25,000,000 into the treasury, and they do not get one share of common stock or any other kind of security. It is the cash, and clean cash. They get no bonus of common stock." As a matter of fact, some months before, when the merger was first brought to his attention, he had strongly opposed it, being under the impression that the proposal was largely a scheme of stock manipulation. Investigation of all the facts, however, convinced him that he had been wrong and he had come to the conclusion that the project was a thoroughly good one and of the greatest possible advantage to Canada. Favourable statements followed in the press from Sir George Bury at Vancouver, J. W. Norcross, D. H. McDougall and Mark Workman at Montreal, and others.

Then difficulties and criticism developed. The *Grain Growers' Guide* (May 12) denounced the alleged "water" in the merger: "Shareholders of the Dominion Steel Corporation are to receive $165 of the new for $100 of the existing stock; Canada Steamships will receive $145 for $100; and the N.S. Steel and Coal is being taken over at $130 to $100. Dominion Steel stock, which is valued by the merger at $165, was selling on the Toronto and Montreal exchanges a few days ago at $67 and $68; Canada Steamships, which is getting $145, was quoted at $76 and $77; while Nova Scotia, which is being exchanged at $130, was quoted at $65." Mark Workman issued a statement in London on June 15 that he had recently pointed out to the London Committee that he considered many of the minor concerns in the projected merger "non-essential and even detrimental to our mutual interests" and that, in any case, there should first be a full investigation of their Assets and condition. This information had not yet been given.

About the same time (June 14) a protest was issued to the Shareholders by six Directors of the Dominion Steel Corporation and signed by George Caverhill, Hon. R. Dandurand, Sir William Mackenzie, William McMaster, J. H. Plummer and E. R. Wood. It was charged in this letter that the Dominion Steel Corporation received unfair treatment under the proposal, that $38,000,000 of common stock in the merger was to be sold to parties unnamed for $30 per share, that $25,000,000 which it was hoped would be received for preferred stock was already counted as cash in the balance sheet just issued, and that the Dominion Steel Board had failed to secure essential information regarding the smaller Companies: "You are, in effect, asked to buy an interest of 51 per cent. in the combined properties, on values not verified by you, or to form a partnership in which you contribute 51 per cent, without being allowed to satisfy yourselves as to the value of what the other partners contribute" Proxies were asked to use at the coming annual meeting.

Meanwhile, on June 10, L. J. Forget & Co., of Montreal, had asked Grant Morden a formal question to which he replied that the Presidents of the three chief concerns interested were satisfied that the $25,000,000 of the Empire Corporation's 8 per cent., cumulative and participating shares had been either sold to or underwritten by responsible parties. Upon another point he said: "Until the matter is definitely settled, certain of these Companies will not agree to their affairs being made public, and I have never known of any consolidation where such a course has been expected or agreed upon." The Toronto *Telegram* at this juncture conducted a vigorous campaign against what it termed the wholesale watering of the merger's stock. At the annual meeting of the Dominion Steel on June 17 the issue was decided with the opposition led by E. R. Wood of Toronto. The President read his address, referred to the sale of 50,000 shares of the Corporation in London and dealt very briefly with the new merger. The *personnel* of the newly elected Board of Directors was as follows: Roy M. Wolvin, President; Hon. Frederic Nicholls, Sir Henry Pellatt and J. N. Norcross, Vice-Presidents; Viscount Furness, Sir Clifford Sifton, Sir William Mackenzie and Sir William D. Reid; Maj.-Gen. Sir Newton Moore and Benjamin Talbot of London; Hon. C. P. Beaubien, Edmund Bristol, K.C., M.P., Stanley E. Elkin, M.P., H. B. Smith and J. F. M. Stewart.

Six of the dissatisfied Directors—McMaster, Workman, Plummer, Wood, Caverhill and Dandurand—were dropped from the Board; Sir William Mackenzie was re-elected and Sir Montagu Allan and Hector McInnes, K.C., retired. On June 29, following, President D. H. McDougall of the N.S. Steel and Coal Co., announced that, as a result of negotiations between himself, President J. W. Norcross of the Canada Steamships and Roy M. Wolvin, President of the Dominion Steel, with Colonel Grant Morden, they had arranged for the elimination of several of the smaller Companies originally included in the consolidation programme. Two of these interests were the Port Arthur Ship-building Co., and the Canada Forgings Co.; the preference shares of the merger were to be cumulative instead of the reverse. The new balance sheet included Assets of $474,016,345 with a capital surplus of $201,719,929 and the following changes in stock:

Issued Capital Stock.	Formerly Proposed	Presently Planned
7 per cent. cumulative preferred	$37,000,000	$36,250,000
8 per cent. cumulative and participating preferred	25,000,000	25,000,000
7 per cent. non-cumulative preferred	72,750,000	65,532,815
Common Stock	79,000,000	65,000,000
Total issued	$213,750,000	$191,782,815

On June 25 the N.S. Steel and Coal shareholders ratified the merger and on July 15 the Dominion Steel Corporation followed suit by a vote of 70 per cent. of the outstanding stock. On July 12 Colonel Grant Morden was in London and, at a dinner, announced the success of his efforts and added that the Hon. Sir Lomer Gouin, lately Prime Minister of Quebec, and the Hon. Sir Clifford Sifton had accepted places on the Directorate of the B. E. Steel Corporation; a little later D. H. McDougall of Sydney and Dr. W. L. McDougald of Montreal, were added to the Board of the Dominion Steel Corporation. Another Steel incident of the year was the statement of Senator N. Curry of the Canadian Car and Foundary Co., in London on Oct. 14 that they had been delayed in their work, not so much because of inability to purchase raw material, as by the lack of transportation—"from now on we shall be turning out cars to the value of $5,000,000 a month."

The Sugar Industry in 1920; Canadian Problems of Price and Profit.

The whole civilized world was interested in sugar prices and conditions during this year; prices mounted higher and higher in the United States and Canada, speculation was rampant, large profits were made; then came the sweeping collapse of Cuban industry and prices and finance, corresponding price reductions in the United States and disaster to large interests in Canada. Bound up with the matter were the fortunes of Canadian refineries, the fate of the Board of Commerce, the comfort or otherwise of the Canadian consumer. The question all through the year was a difficult one for the people to understand; there was a shortage and prices went up, but when or why or how this variable shortage could develop so frequently was a problem to most of the consumers of sugar.

At the beginning of the year the Board of Commerce was in control of sugar profits as made by the refineries and on Jan. 9 it rescinded an Order of the preceding September limiting profits, and issued a new one fixing the maximum retail price for sugar at a uniform rate of 16 cents a pound throughout Canada; on Jan. 23 the Board stated that this price could not be maintained as a flat rate because of freight conditions and that the Order must read "*plus* freight;" on Feb. 12 Commissioner Murdoch stated that Canada was daily going behind 3,000,000 pounds of sugar in its total supply; on Feb. 26 the Board abolished altogether the fixed price and abrogated its control over sugar profits. Costs of refinery production had risen greatly and retail grocers had asked for a profit of 20 per cent. or about three cents a pound. The Board claimed that during its seven months of control the price of sugar to the Canadian consumer had been from 3 to 7 cents less than in the United States with a total saving of $21,000,000 to the public.

On Mch. 17 control over import and export licenses for sugar was vested by the Government in the Canadian Trade Commission with a view to ensuring a free supply to the people; at the same time this Commission issued a statement that Canadian refineries in 1919 had distributed 370,000 tons of sugar and that the requirements of 1920 would, approximately, be 450,000 tons or an average of 36,000 tons a month: "No refinery will be allowed to export any sugar until it has delivered its proportion of the 36,000 tons to be distributed in the home market." There already was a shortage in deliveries, on this basis, of 21,000 tons in January and February; as to prices, and owing to the world's shortage of about 25 per cent. in production of raw sugars, it was not then thought that the price could be lower during 1920 nor was it believed that there would be any considerable advance. There was no doubt of the actual shortage but few people knew the facts. According to the London *Times* of Feb. 7, 1920, the world's crop of sugar in 1913-14 was approximately 19,000,000 tons of which European countries supplied 8,200,000 tons; in 1919 the latter quantity had fallen to 3,650,000 tons while the world crop was 2,600,000 tons below that of 1913-14 or a total of 16,400,000 tons.

At the same time there was an increased consumption everywhere, with Prohibition in the United States and Canada visibly increasing the demand for sweets and candies and sweetened drinks; in Cuba, from which the bulk of supplies for Canada and the United States came, there was an orgy of high prices, inflated values and surface prosperity; there was, also, an estimated decrease in Cuban production from the 4,400,000 ton crop which had been expected to 3,900,000 with increased demands from France, England and Italy, as well as North America. Elsewhere, there was a production within the British Empire of 4,400,000 tons but the most of this was produced in India and consumed locally. There was, in 1919, (Census figures) a production in Canada of $58,802,219 worth of sugar—chiefly granulated, with raw sugar required for the industry totalling 313,651 tons valued at $39,991,144. There was some beet-root used and other material but the quantity was insignificant; the capital invested in the 8 Canadian plants was $37,256,951 with 2,542 employees receiving $2,626,889 in wages and salaries. Of the refineries three were in Ontario, two in Quebec and, one each, in British Columbia, Nova Scotia and New Brunswick.

Meanwhile, there was general discussion of the subject in Canada and, early in the year, a sugar shortage in British

Columbia resulted in the appointment, on Feb. 20, of a Select Committee of the Legislature to enquire into the matter; it was composed of M. B. Jackson, K.C., (Chairman), Mrs. Ralph Smith, J. W. V. Thomson, Frank Giolma and R. H. Pooley, who examined 33 witnesses and reported on Apr. 10. The conclusions arrived at were (1) that the fundamental cause was deficient world supply; (2) that the local famine in the latter half of 1919 was directly chargeable to the Vancouver labour strike and, indirectly, to the failure of Dominion action to stop Eastern export or to divert that supply to relief of the famine in the West; (3) that all the available stock of sugar was fairly and equitably distributed by the local refinery and trade dealers; (4) that prices for the rest of the year would probably be high and increasing. At this time (May), according to the Canadian Trade Commission, Canadians had a *per capita* consumption of 95 pounds compared with 92 pounds in the United States; the prevailing price in New York for raw sugar was $18.50 per 100 pounds or an average of 24 cents per pound, wholesale, for sugar refined in Canada—though the actual price remained lower to the Canadian consumer than in the United States

As to this situation, however, there were very different opinions in the United States. The National Preservers' and Fruit Products Association claimed through its President, William Blakemore of New York, to have made a careful investigation and declared (May 20) that "the so-called shortage of sugar does not exist and that present prices represent pure inflation, caused through hoarding by sugar speculators." W. Jett Lauck, Consulting Economist of the Railroad Brotherhoods, stated (May 14) that sugar profiteers would this year make $600,000,000 while H. M. Peck, U.S. District Attorney, stated in Court (May 19) that certain wholesale dealers, there, made as high as 10,000% and others 5,000% in a year's business. People seemed willing to pay any price and G. W. Fox, New York representative of the British Royal Commission on Sugar Supply, stated at this time that: "America is drawing sugar from all the markets of the world. Price is apparently no consideration. Sugar which normally finds a market in London is now flowing into New York. You are drawing refined sugar from Calcutta and Hong Kong." These and many similar statements convinced the average Canadian that profiteering was going on everywhere and that he was suffering from it as well as the American consumer. There was much talk of 30 cents a pound and that point was actually reached in Ottawa and other centres early in June.

During this month the Board of Commerce was again given control in this connection and, on the 11th, issued a judgment in one case of profiteering at Ottawa which included the statement that the Board's enquiries into costs of commodities throughout Canada disclosed undoubted and indefensible profiteering in sugar, by wholesalers and retailers alike, with a new element in the speculator who bought at second-hand and retailed the product with relatively huge profits: "The Board will, so far as its powers extend, exercise in these proceedings its powers for the suppression of profiteering in sugar. It will prohibit all others than refiners from selling to wholesalers. It will prohibit wholesalers buying from others than refiners. It will prohibit speculators from buying or selling at all. It will define the legitimate profits of refiner, wholesaler, and retailer, respectively."

A list was made public of dealers in sugar who had committed offences under the Fair Prices Act and who were suggested for prosecution at hands of the respective Provincial Attorneys-General. The Board suggested as a normal profit for wholesalers, 5 per cent. upon cost, and for retailers the same rate of profit—which had been recognized as reasonable throughout the United States. It sat in Toronto at this time (June 15) and heard much evidence as to alleged sugar-hoarding and profiteering; on June 18 the resumption of control by the Board went into operation and an Order was at once issued making speculation in sugar an indictable offence. The profit of sugar dealers was restricted to 2 cents a pound or 5 per cent. and a retail price of more than 23 cents was declared to be an unfair profit at this juncture. These and other restrictive regulations, specified in the statement of June 11, were to be effective on Sept. 30. In the middle of July the Board removed restrictions on export of sugar to the United States and on the 20th issued an Order approving the current action of the Refiners in fixing prices at 24 cents minimum and declaring that anything above 26 cents (retail) *plus* freight would mean unfair profits; on July 30 the Board issued a statement declaring the outlook as to sugar prices far from clear but with a further advance quite probable.

In August there was talk of a drop in sugar and representatives of four big refineries—St. Lawrence, Atlantic, Dominion and Acadia—told the Toronto *Star* (Aug. 19) that prices had reached their peak. The sugar market in New York and Canada was suddenly demolished and Hugh Blain of the Wholesale Grocers stated (Aug. 27) that: "Sugar has been bedeviled by outside speculators in Cuba, the United States and, to some extent, in Canada, who have raised the price to an unreasonable figure, and so manipulated the market that wholesale grocers frequently cannot get sugar at any price to supply the retail trade." Some interesting official figures were made public at this moment which showed that in the four months ending July 31, Canadian exporters shipped 46,215,399 pounds of refined sugar out of Canada, valued at $7,835,204, or almost 17 cents a pound; in the same period Canada imported 384,464,826 pounds of raw sugar at $37,435,792 or 9·74 cents a pound. Meanwhile, the fall in United States prices continued and there was a drop of

2 cents in Canada; as to the causes, the Board of Commerce stated that it was in large part due to high speculative prices in the United States drawing an over-supply from other parts of the world and forcing a sudden break in prices. Bulletins issued by the Board in August and September showed the sugar situation in Canada during 1920, so far as figures could do so:

Raw Sugar 4-weeks period ended	Stock on hand at beginning of period: Lbs.	Stock on hand in the year 1919	Receipts of raw sugar during 4-week period	Melting and re-shipment of raw sugar: Lbs.
Jan. 31	19,134,628	37,059,970	24,940,937	39,229,332
Feb. 28	4,846,233	63,605,917	78,359,359	58,371,887
Mch. 27	24,833,705	56,724,584	114,800,632	113,843,108
Apr. 24	25,791,229	92,603,372	86,329,572	91,178,959
May 22	20,941,842	87,582,639	114,810,796	61,431,034
June 19	74,321,604	112,485,173	114,905,910	73,359,137
July 17	115,868,377	120,838,162	61,937,430	98,975,364
Aug. 14	78,831,443	91,261,468	100,109,062	99,900,032

On July 17, 1920, there were 28,368,496 pounds of refined sugar on hand in Canada or 3,000,000 pounds more than at the same date in 1919, and the amount manufactured during the next four weeks was 91,481,725 pounds with total shipments during that period of 57,964,397 pounds; on Aug. 14, therefore, there was, apparently, a stock on hand of 62,000,000 pounds of refined sugar. In Canada at this time sugar was selling at 22 cents; the price ran as low as 16 and 17 cents and sugar was being imported into Canada, with profit, after paying both duty and exchange. The Board of Commerce on Aug. 28, after referring to a recent reduction in price of 2 cents, said: "The reduction effected by the co-operation of the Canadian refiners is in face of the fact that the refiners have been heavily stocked with sugar purchased at high prices, though not of course at the highest prices, and the selling price fixed becomes possible only by certain proportions of these stocks being sold at considerable loss."

Interjected into the discussion at this point was a Report of the U. S. Tariff Commission which admitted a monopoly and the existence of trust prices with, in 1919, average profits to refineries on productive investment of 19·67 per cent. Prices in the United States continued to drop during September and the agitation for lower rates grew in Canada; competition of cheap American sugar made itself felt in the Canadian market despite tariff and exchange and, on Oct. 9, with American prices at 11 cents, a Delegation representing Eastern refineries waited upon the Government and asked Mr. Premier Meighen to put the Anti-Dumping Act in force in order to protect the sugar industry. It was understood, also, that the Board of Commerce took the ground that as Canadian consumers had been protected against a higher market in the United States the refiners should now be safe-guarded against a falling market. The Montreal sugar interests saw Mr. Meighen and Mr. Doherty on Oct. 11 and also appeared before the Board of Commerce; from Cuba came the announcement that planters and shippers and local banks—as apart from Canadian branches—were all in a position of serious difficulty and that a moratorium had been established. Lower and lower prices in Canada seemed inevitable and so were heavy losses to the refiners unless they could be helped by the Government.

At this stage came a sudden, sharp and drastic action by the Board of Commerce. On Oct. 13 an Order was issued fixing the retail price for sugar at a maximum of 21 cents *plus* freight and restraining Canadian refiners of sugar from selling except to Canadian wholesalers, manufacturers, or retailers and compelling retailers to buy exclusively from Canadian refiners—thus excluding United States "slaughter goods." A deluge of protests reached Ottawa immediately and, at the same time, rumours were innumerable as to serious losses by the big refineries. The Canadian Manufacturers' Association at Montreal protested against the Board's action; the Wholesale Grocers' Guild of Nova Scotia refused to obey the Order and the Canadian Council of Agriculture protested vigorously; the press of Canada was practically a unit in denunciation.

The Liberal press brought the Government into the matter by claiming that the Board in its present form was made up from the Civil Service, was really a Departmental adjunct and could not take so serious an action without Government approval or at least the grant of a free hand. It was announced on the following day, Oct. 15, that the Order had been suspended by the Government until a hearing could be had before the Governor-in-Council on the 20th. Mr. Meighen deferred his Western tour which was pending and Mr. Doherty, Minister of Justice, stated, in giving reasons for the Government's decision, that the action of the Board was illegal and of a nature not contemplated in its creation. H. R. Drummond, President of the Canada Sugar Refining Co., at Montreal, issued (Oct. 15) a statement that:

> As a result of continuous Dominion Government control of the industry, the sugar refiners of Canada are left with commitments representing a value of $60,000,000 which they have been forced into acquiring, accumulating and holding under Government orders, and which they are unable to sell except at a loss involving the practical destruction of their industry—if compelled to do so in the face of the ruinous market conditions. . . .The consumers will not suffer in the long run. They have for many months had the advantage of buying sugar at a price lower by several cents a pound than that paid by consumers in the United States. At one time, the difference in price was 10 cents a pound in favour of Canada. Consumers have enjoyed the advantages of price-fixing; they should be prepared to forego some advantages when things work the other way.

The press, at this juncture, commented upon the possible loss of the Refiners—the Toronto *Star* had an Ottawa despatch putting it at $21,000,000. The other side of the shield was shown by Michael Dwyer, President of the N. S. Wholesale Grocers, in a letter to Mr. Premier Meighen (Oct. 16): "We desire to say that during the first six months of this year the refiners made profits unparalleled in their industry. They advanced their prices from 12 cents in the month of January to 24 cents in the month of July. When the fixed price was not satisfactory to them, and they anticipated an advance in price, they withdrew from the market and refused to sell to their customers." In reply to published statements, the Prime Minister on Oct. 18 denied that the Government had referred the sugar question to the Board, either as a whole or through any Minister.

Meanwhile, in speeches at Nelson, B.C., and elsewhere, Mr. Mackenzie King vigorously denounced the Government and the Board, singly and together, for this action; as against this and other evidences of public feeling, the Refiners published throughout the Canadian press a careful statement of their case. They claimed the trouble to be due to "enforced liquidation of some large stocks of raw and refined sugars held by American and Cuban interests" and the difficulty in Canada to be due to the "dumping" of some of this stock on its market; they repeated the statement as to $60,000,000 commitments by Canadian refiners and the impossibility of financing this if free competition were allowed. They added this statement: "The actual cost of Government control to the Sugar Refineries of Canada, irrespective of the losses which now confront them in the disposal of their present stocks, is conservatively estimated at from 20 to 25 million dollars. The refiners have facts and figures to prove that their losses, if compelled to sell in competition with distressed sugar dumped into Canada from the States, will run into many additional millions."

The case for the Refiners was presented to the Government on Oct. 20 by Huntley R. Drummond, in a careful and ably-argued statement; there were 10 Ministers present, besides the Premier, and D. Lorne McGibbon, President of the Atlantic Sugar Refinery, and J. W. McConnell, President of the St. Lawrence Sugar Refinery were with Mr. Drummond while Wallace Nesbitt, K.C., acted as Counsel for the latter; there also were representatives of the Canadian Manufacturers' Association, the City of Toronto, and the National Dairy Council. The case for the refiners first included these fundamental considerations: "That the Refiners have on hand and under purchase, due to arrive during 1920, 366,000,000 pounds of sugar, representing an investment of over $63,000,000; that of this sugar, approximately 80,000,000 pounds represents sugar to be manufactured from beets grown in Canada which must be marketed before the end of January, 1921, the remainder being cane sugar bought at an average cost laid down at the refineries of 19 cents a pound; that a 19-cent raw sugar is the equivalent of a 22-cent refined cost, exclusive of any profit; that the Refiners are asking 18½ cents a pound for this refined sugar which has cost them 22 cents a pound; that the amount of refined sugar in their hands and to be manufactured to the end of the year is, approximately, 280,000,000 pounds; that at the price of 18½ cents a pound this represents a loss to the refiners, already made, of 3½ cents a pound on 280,000,000 pounds of sugar, or $9,800,000."

Mr. Drummond based his case largely upon the claim that they were being forced to sell for $42,000,000, products which had cost $62,000,000; that the cause of the trouble was Government control and direction and not the initiative or personal policy of the refiners, that their profits had been grossly exaggerated and that during the past year or so through Board of Commerce restrictions, and as claimed for a portion of the period by the Board, the consumers had saved $20,000,000 with a probable $10,000,000 additional since that claim was made. He contended that when they had asked the Board for a higher rate to meet the increased cost of raw sugar and thus establish reserves to meet the future slump in prices which was bound to come, it was refused though admittedly logical and sound; that the Board answered that "they would protect us on a falling market to the same extent that they had protected the consumers on a rising market;" that the over-stocking with sugar was due to the action of the Canadian Trade Commission which directed them, from time to time, to purchase various quantities of raw sugar, irrespective of their own judgment, in the belief that a sugar famine threatened and for what the Trade Commission undoubtedly believed was the protection of the Canadian public; that, furthermore, the embargo on exports, both as to raw and refined sugar, rendered it impossible for the refiners to realize the profits from an exterior source which they might otherwise have done, or to render service to the country by helping to stabilize exchange. The argument as to profits was stated in detail as follows:

> The aggregate capitalization of the Eastern refineries represented here is $14,250,000. From 1913 to 1919, inclusive, taking in the entire war period during which abnormal profits were the rule in practically all industries, the aggregate net profits of these refineries amounted to $6,000,000, or less than one-fifth of a cent a pound on their total output of sugar.

He estimated that if prices had to be immediately reduced to the United States level, the aggregate losses of the four refineries represented would be $19,600,000 or more than the entire capitalization of the Companies. All they needed to avert this tremendous loss was 3½ cents over a period of 70 days or a cost to each consumer of 51 cents to the end of the year; incidentally, if this were not done, the sugar-beet farmers would lose 1½ millions and there would be 3,000 idle employees. The statement concluded as follows: "As it is now stated that there was not a warrant in law for the action of the Board, we do not press for the Order to be confirmed but leave our claims for redress in the hands of the people and the Government of Canada with complete confidence that justice will be done." The Prime Minister replied by at once quoting these last words and, upon their being confirmed by Mr. Drummond, declared the hearing over and, without discussion, stated that the Order of the Government rescinding the Board's Order would be made permanent.

On the following day (Oct. 21) the Refiners waited upon Sir Henry Drayton but received no decided reply; the break-up of the Board of Commerce followed; on Nov. 4 came a collapse in sugar prices on the Montreal market and demoralization in sugar stocks with prices running down in one day to 15 cents; by Nov. 15th refined sugar was selling at 12 cents and the share-stocks of the Sugar Companies had reached a very low level—Atlantic Sugar selling around 40 as compared with 164 earlier in the year when the Company had reported (April) a cash dividend of 28 per cent. to wipe out dividend arrears on preferred stock. The popular estimates of the moment assumed a loss of $25,000,000 from this fall in prices. On Dec. 28 prices took a further drop in Montreal to 10 cents.

Flour Milling, Automobile and Electrical Industries in 1920

The milling year of Sept. 1, 1919 to Aug. 31, 1920 was one of mixed experiences to those concerned. During the months of 1920 little export business was placed with the mills by the Wheat Board, and the output was, therefore, greatly curtailed—the wheat actually ground, in the fiscal year of 1920 being 58,000,000 bushels compared with 75,000,000 in 1919 and 83,000,000 in 1918.* The exports of Flour during these same periods was, respectively, 5,573,000 barrels, 9,663,000 and 10,826,000 barrels; similarly the exports of wheat had stood at 65,121,000 bushels in 1920, 65,897,000 in 1919 and 105,613,000 bushels in 1918. During all the fiscal or milling year—to Aug. 31, 1920—the price of wheat was under control of the Wheat Board and, at the beginning of the period, it stood at $2.30 per bushel to the mills for No. 1 Northern Manitoba grade; it was advanced to $2.80 on Dec. 27, 1919 and to $3.15 on May 8. Government control of flour prices continued to Apr. 8 and feed prices were under control during the whole of the year; C. R. Hosmer, in the article already quoted, claimed that the controlled prices varied with the changes in wheat, but owing to the increase in the cost of manufacture, due to reduced output, there was no margin of profit to the mills—in fact, during a considerable period in the early part of 1920 the controlled prices actually showed a loss. Meanwhile, the Dominion Bureau of Statistics issued figures for 1919 which showed 1,255 flour-milling plants in the Dominion; a capital investment of $152,822,846 and a total of

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*Note—C. R. Hosmer, President Ogilvie Flour Mills Co., in Montreal *Gazette*, Jan 8, 1921.

7,401 employees drawing $8,083,270 in salaries and wages; a daily capacity in the mills of 141,288 barrels and a production in that year of $262,763,392.

Critics of the industry maintained that its profits were too large. They added together the salaries and wages of $8,083,-270, Fuel consumption of $753,396, all sundry expenses, $9,117,534 and cost of raw material, $229,827,851 with a total of $247,782, 051; from the selling price of products totalling $262,763,392 they deducted this and found a profit of $32,000,000. The profits of the individual Companies hardly bore out this general conclusion. The Ogilvie Flour Mills Co., Ltd., perhaps the most famous concern of the kind in the world, with mills at Montreal, Fort William, Winnipeg and Medicine Hat, supported by grain elevators at strategic points throughout the West, and a total storage capacity of 10,525,000 bushels, paid dividends in 1904-09 of 7 per cent., and in 1910-15 of 8 per cent; in 1916 a bonus of 4 per cent. was paid, and the regular dividend increased to 10% in January, 1917, and to 12% in January, 1918, while a bonus of 15 per cent. was paid in 1917, 1918 and 1919, and one of 10 per cent. in 1920. The dividends and bonuses therefore, varied from 7 per cent. per annum to 27 per cent. During the War years this Company's current Assets increased from $3,153,998 in 1914 to $9,841,853 in 1920 (Aug. 31); the surplus for Common stock grew from $309,943 in 1914 to $1,815,415 in 1918 but in 1920 it was down to $819,065.

The other great Company—the Lake of the Woods Milling Co., Ltd.—had total profits of $732,232 in the year of Aug. 31, 1920. Allowing for the increase in the common stock capitalization, effected during the year, the year's results were equivalent to, approximately 23·4 per cent. on the shares, compared to 28·5 per cent. in 1919 and 33·3 per cent. in 1918. After all deductions, which included payment to common shareholders of $294,-000, unchanged from the previous year, there remained a surplus of $179,232 to carry into the accounts of the current year and the balance remaining at the credit of Profit and Loss account was thus brought up to $1,161,647. The balance sheet showed a strengthening of Assets with $4,659,629 of current assets, $1,177,-540 of current liabilities and $3,481,089 of working capital; the corresponding figures in 1918 were $2,618,645, $921,938 and $1,-696,707. The total Assets were $8,139,187. Another large milling interest was the Maple Leaf Milling Co., Ltd., with a daily output of 20,000 barrels a day and a mill at Port Colborne, with 12,000 barrels a day capacity, said to be the largest in the British Empire; the St. Lawrence Flour Mills Co., the Robin Hood Flour Mills, the Western Canada Flour Mills Co., and the Purity Flour, Ltd., must be mentioned. On Nov. 15 prominent representatives of this industry met in Montreal and organized the Canadian National Millers' Association, with Brig.-Gen. A. E. Labelle, St. Lawrence Mills, as President, G. A. McDonald, Quaker Oats Co., Peterborough, and J. E. McFarland, Western Canada Flour Mills, as Vice-Presidents and W. Sanford Evans as Secretary.

The Motor and Automobile industry was prosperous during most of 1920. When the war came in 1914 there were 67,415 automobiles used in Canada; at the close of 1920 the estimated total was 400,000 and those registered were valued at $600,000,000. According to the Census figures of 1919 there were 1,236 establishments in Canada dealing with automobiles, auto accessories and auto repairs; the capital investment was $56,943,018, the number of employees 12,139 and the salaries and wages paid $15,389,745; the selling value at factory or works was $80,619,846 for automobile plants, $8,571,890 for accessory plants and $12,004,970 for repair plants or a total of $101,196,706; the classification of automobiles manufactured showed 61,257 touring cars, 3,026 runabouts, 4,125 closed cars, 11,528 chassis, 372 delivery waggons, 7,527 trucks and 2,094 tractors. It is interesting to note, in passing, that the motor vehicles in use in the United States in 1919 were 7,523,664 and the passenger cars in use $43,671,084 in value; that the production of passenger cars was 1,586,787 with a wholesale value of $1,399,282,995 and the motor trucks 305,142 valued at $408,311,585.

Canada was, in 1920, only second to the United States in its use of automobiles which ran to about one car for every 22 people; if the estimate of about 8,000,000 cars in use in the United States was correct, it would mean one there to every 15 persons. Incidentally, this use of motor vehicles caused a great increase in the import of petroleum products which, for the year of June 30, 1920, totalled 514,897,000 gallons as against 433,018,000 in the previous year; also much money was invested in garages with highly-paid workmen. In British Columbia a motive fuel called Benzol was made, as a by-product of coal, for use in automobiles and was said to work cheaply and effectively. Incidents in connection with the industry during 1920 included the annual meeting of the Automotive Industries of Canada, held in Toronto on Jan. 26, with G. M. McGregor of Ford selected as President and R. S. McLaughlin of Oshawa, Vice-President; the fact that in the first portion of the year there was a considerable shortage in plate glass, and coal, and steel supplies, with great difficulty amongst automobile manufacturers in obtaining these materials; the Report for the year ending July 31 of the Ford Motor Company of Canada, Ltd., which showed net profits of $4,696,243, after deduction of $968,590 in business profits, taxes and all other expenses, dividends amounting to $1,750,000 and a surplus of $8,216,305, as compared with $5,270,061 on July 31, 1919—with a production of 55,616 cars, exclusive of tractors.

Statements regarding the industry in the *Financial Post,* Toronto (Nov. 12) included the fact that Canada's yearly export and home consumption of cars were nearly equal, that the Dominion Government received $15,000,000 annually in excise and customs duties upon automobiles and parts and that the exports in 12 months ending August totalled $19,424,302 and the imports $36,054,621. Sales of cars in Canada exceeded $100,000,000 annually at this time; as to manufacture, a large portion of the material used in the production of Canadian cars was imported with an average cost for parts imported, and already made, totalling about $12,000,000 and to this must be added an increased importation of glass, rubber, iron and steel. Despite this fact, however, the number and nature of the parts actually made in Canada increased largely every year and, indeed, monthly with, in 1920 an immense number of establishments, small and big, devoted to motor accessories and parts—the most important being nuts and bolts, storage batteries and lamps, tools and gears and radiators, springs and tubes, and tires and wheels.

According to the Census figures of 1918, there was in Canada a great development—which continued during 1919 and 1920—in Electric stations and plants for generating electricity. At the close of 1918 there were 795 generating and non-generating Electric stations; of these 377 were privately-owned and 418 municipally or publicly owned—the Hydro Electric Commission of Ontario including, alone, 194 non-generating central stations. The total capital invested was $401,942,402 of which $356,547,217 was invested in actual power development, including real estate, power plant and equipment, dams, penstocks, flumes and other hydraulic works, transmission and distribution systems, substations and receiving stations. The revenue received from the sale of electrical energy for all purposes was $53,549,133 with total operating expenses of $30,265,864; the total primary power installation was listed, for the main plants, as 1,841,114 horsepower, and for the auxiliary and stand-by plants as 117,528 horse-power, or a grand total, including all plants, of 1,958,642 horse-power. In the Illuminating and Fuel gas industry there were 38 manufacturing establishments with Assets of $26,937,885 and products in gas of $7,282,107; these Companies included 8 firms making mixed coal and water or oil gas with a consumption of $1,508,411 worth of coal and lesser quantities of coke and oil; six establishments made carburetted water gas.

Of the Electrical industry, Lieut.-Col. the Hon. Frederic Nicholls wrote* at the close of the year regarding its value to Canada "in the development of our water powers, in the extensions of co-ordinate industries engaged in the manufacture of steam engines, water wheels, street cars, etc., and in the contracting and building trades engaged in the construction of power-houses, electric lighting and transformer stations, transmission lines, and other lines of production." A generating

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*Note—Montreal *Gazette*, Jan. 8, 1921

Mrs. Arthur Meighen
Wife of the new Prime Minister of Canada, 1920

Mrs. W. E. Sanford
President of the National Council of Women of Canada

plant such as the Chippewa project of the Ontario Commission, with its $50,000,000 of expenditure and possible production of 500,000 h-p. would benefit the farmer who received more than the market price for his land through which the Canal passed; the engineers, mechanics, artisans and labourers in thousands, who were engaged in the building of the canal, power-house and head-works; the stone quarries, brick-yards, cement mills and kindred industries, for such of their product as was required; the steel mills for steel rails, structural iron, steel, etc., for manifold requirements; manufacturers of contractors' equipment, such as dredges, steam shovels, steam engines, wire rope, spades, shovels, picks, etc.; the lumberman and sawmill owners for lumber and timber of every description; the engineering works for water wheels, castings, overhead cranes, and auxiliary machinery; the electrical works for generators, switchboards, transformers and a multitude of accessories. All these and many other interests were aided. There were various subsidiary developments in construction and labour.

When the remaining 17,248,000 h-p. of Canada should be developed, the profit and value may easily be estimated. A remarkable illustration of the success which united water power and electricity could give, was the Shawinigan Water and Power Co. in 1920 and preceding years. In 1910 this concern had less than $900,000 invested in subsidiary enterprises; at the end of 1920 it had a total of $12,540,000 so invested; it was at this time the centre and pivot of development in the St. Maurice Valley and supplied light and power to 114 villages and towns of 1,500,000 population within an area of 20,000 square miles. Of the Powre sold by the Company, Montreal took about 30 per cent., Three Rivers and Quebec about 10 per cent., and the asbestos and other industries of the Eastern Townships of Quebec about 10 per cent. Its earnings in 1914 were $1,805217 and in 1920 $3,943,329, its expenses respectively, $244,594 or 13·5 per cent., and $1,417,815 or 35·9 per cent., its surplus for dividends $901,469 in 1914 and $1,609,042 in 1920.

The Canadian Ship-building Industry in 1920.

The demands of war in 1914-18 and of the earlier days of reconstruction had revived this Canadian interest until the 1919 Census figures showed 78 ship-building plants and 99 of a boat-building character. The capital invested in the former was $70,854,028 and in the latter $1,260,663; the total number of employees was 26,163 and the salaries and wages $30,757,289, the materials used included many subsidiary products of industry totalling $36,556,951; the production was $88,454,139 and the gross tonnage of 229 vessels completed during the year 236,034—of which 164,273 tons were steel.

During 1920 Great Britain recovered its supremacy at sea and in ship-building; the United States faced a crisis in the ship-building industry and lost ground steadily in its later production and sea service; Canada also found a shrinkage in the important work and brilliant possibilities of the previous two years. It had taken a good deal of pride in the recent development of this industry; in the older days of wooden craft the Provinces had stood high in construction and in comparative products with, in 1863, $9,000,000 worth of wooden vessels, abundant supplies of timber and skilled workmen; the year 1919 saw a large investment in and construction of steel vessels and the apparent evolution of a national Merchant Marine. But the world, as a whole, at the end of 1920 had more ocean shipping than it needed with a total of 8,000,000 more tonnage than before the War; the figures published by Lloyd's for July 1 dealt with those countries most closely touching Canada as follows:

Registry of Shipping (Tons)	1920	1914
United Kingdom	18,330,424	19,256,766
Australia	649,240	1,788,283
Other Dominions	626,655	
Canada	976,333	
Total British Empire	20,582.652	21,045,049
United States	16,049,289	5,368,194

Between 1909 and 1913 there had been a steady development in the shipping which cleared at Canadian ports—the tonnage entering and clearing, sea-going and inland, being in 1909 40,701,603 and in 1913, 57,849,783; there was an increase during the War from 61,919,483 in 1914 to 66,802,480 in 1918 and in 1919 the total was 53,229,046 tons. The net tonnage of vessels on the Canadian registry according to Lloyd's—small vessels not included—was 971,438 in 1917, which was above the average of recent years; the figures in 1918, according to the Department of Marine report, were 1,390,615 gross tons and for 1919 1,498,431 gross tons. During the War period much support was given the industry by the Government and financial interests; while the United States—under somewhat similar constructive conditions—built 2,693 vessels, Canada was more modest in its results but, for its population and resources, equally effective.

The difficulty as to ship plates was a handicap for Canadian yards and was overcome by establishing a Government-aided plant for their construction; the discount on European currency was, latterly, a serious obstacle which the Government tried to overcome by the offer—which proved to be insufficient—to arrange for foreign nations, other than the United States, a credit of 25 per cent. of the cost of ships built in Canada, taking as security a mortgage on such ships; the Government order in 1919 for 63 vessels to inaugurate the projected National Marine gave a great and needed impetus and much of the final construction was done in 1920 with, by June of that year, 27 vessels delivered, 10 nearing completion and 15 well advanced. By this time the ship-building interests were getting anxious; the United

States industry was slowing down steadily and orders of an acceptable nature could not be obtained in Europe; Great Britain was producing largely and her ship-yards were crowded with work. Effective credits to foreign countries and Government action of some kind were essential and it was estimated that five or ten years of public support was necessary to permanently establish this great industry.

As an illustration of the difference between war and peace in this respect, it may be said that Osaka, Japan, at the time of the Armistice had 100 ship-yards turning out 500,000 tons a year; in 1920 it had 20 yards with half the capacity and a product at half the price. Early in the year (Jan. 7) Ship-building interests presented their case in a careful Memorial to Sir George Foster as Minister of Trade and Commerce. It was signed on behalf of the following ship-yards: Halifax Shipyards, Ltd.; N. S. Steel and Coal Co., Ltd., New Glasgow; Three Rivers Shipyards, Ltd.; Davie Shipbuilding and Repairing Co., Ltd., Lévis; Tidewater Shipbuilders, Ltd., Three Rivers; Canadian-Vickers, Ltd., Montreal; Dominion Shipbuilding Co., Ltd., Toronto; British-American Shipbuilding Co., Ltd., Welland; Canadian Allis-Chalmers, Ltd., Bridgeburg; Midland Shipbuilding Co., Ltd.; Collingwood Shipbuilding Co., Ltd.; Port Arthur Shipbuilding Co., Ltd.; Yarrows Limited, Victoria, B.C.; Prince Rupert Dry Dock and Shipbuilding Co., Ltd.; Victoria Machinery Depot, Ltd.; Wallace Shipyards, Ltd., Vancouver; and Coughlin & Sons, Ltd., Vancouver.

It pointed out that, prior to the outbreak of war, steel vessels were built in Canada in only a few shipyards, which produced intermittently a small tonnage of lake, cargo and passenger vessels, scows, dredges, buoy steamers, etc. Subsequent, however, to the outbreak of war, all the existing Companies and a number of new ones had energetically gone in for steel shipbuilding, and many extensive shipyard organizations had been built up. Besides the 23,500 men engaged in the industry, it was claimed that an equally large number of men were engaged in the construction of ship-plates, shapes, machinery, furnishings and equipment and that over 200,000 persons were therefore dependent upon its maintenance. The declaration of the Minister of Marine in March, 1918, that the Government's policy was to encourage ship-building as a permanent industry was quoted and the consequent erection of a large plate mill at Sydney mentioned. It was stated that a reasonable bounty would enable Canadian shipbuilders to compete in the markets of the world for business, permit them to operate to their fullest capacity, and result in the ultimate reduction of costs and the placing of the industry on a permanent basis.

The applicants, therefore, asked as essential to the life of their industry, that the Government of Canada grant for a term of 10 years a bonus of $10.00 per load displacement ton and $10.00 per indicated horse power on steel ships built in Canada and completed after the 1st of April, 1920. Otherwise, it was asserted, the existing plants could not be maintained and unemployment of large numbers of men—chiefly returned soldiers—would inevitably follow. A well-directed campaign then developed for Government aid and support to the industry; it was pointed out that this important new interest was confined to no one part of Canada; that its widely-distributed plants had created a large group of skilled workmen valuable to the nation; that the splendidly-equipped shipyards were now a National asset and were needed to conserve and maintain the new National Marine of Canada; that British competition made Canadian ship-building permanently impossible without initial Government support.

Finally, in the Commons on Mch 23, Mr. Ballantyne, Minister of Marine and Fisheries and Naval Affairs, proposed an appropriation (in supply) of $20,000,000 as the amount required for the construction of vessels in accordance with the completion of the Government Ship-building programme of 1919. The Minister pointed out that the net tonnage on Canada's registry had stood at 1,205,565 in 1875, 1,231,856 in 1885, and then fallen to 669,825 in 1905; that the War had greatly changed the situation with a net tonnage in 1919 of 1,091,780. Mr. Ballantyne stated that the Government's reason for entering upon a shipbuilding programme—which had cost, up to April, 1919, a total of $19,510,322 and to Mch 1, 1920, an additional $24,194,639—was that, owing to the great loss of world tonnage there was an imperative need of Canada creating, owning and operating a merchant marine of her own; that another powerful reason was the fact that the Government owned a very large system of railways which, when the Grand Trunk was formally taken over, would comprise 22,000 miles. It was, therefore, clearly a matter of urgent importance that Canada should own a Merchant Marine to work in conjunction with its transcontinental Railway system; it would also aid in the extension of Canada's export business.

After reference to the initial success of the Government Merchant Marine and details of contracts for construction, the Minister stated that usual annual Subsidy proposals were still under consideration; that "our ships are equal in design, workmanship and efficiency to any ships of the same kind that are built in the Old Land;" that the National Shipbuilding Co., of Three Rivers, was engaged in a contract of 6 ships for France, Canadian-Vickers of Montreal on 2 steel ships for Norway, and the Collingwood Company on a contract for the Standard Oil Co. Edmund Bristol followed in an eloquent appeal for continued Government support and the creation of a great permanent Canadian industry: "I say fearlessly that we can today beat the United States in prices in shipbuilding, and, with the deepening of the Welland Canal, when we commence to build 600-foot boats on the Lakes, four or five years hence, we shall be able to equal, if not surpass, the American shipbuilders." British competition was serious because of greater facilities and experience. To which Mr. Ballantyne added this comment: "The average cost of Canadian Government ships is less than the American cost, and less than the cost of ships ordered by the Imperial Munitions Board."

As to what would follow the completion of this Government programme there was for a time uncertainty. At Ottawa, on May 10, a deputation of Montreal ship-building workmen asked the Government for one of two alternatives: (1) the creation of credits whereby Allied Governments would give orders for ships to Canadian builders; and (2) the encouragement of the industry by the granting of bonuses on tonnage built. Mr. Ballantyne, in reply, stated that the Government had already placed contracts for 63 ships, at a total cost of $75,000,000, which number they thought enough to take care of. As to the other suggestion of passenger and freight ships, the Minister admitted the necessity of such a type, but pointed out that owing to heavy financial commitments, the Government was faced with the need for rigid economy; hence the proposals for consideration were confined to the subsidy system and the extension of foreign credits; Sir George Foster, Acting-Premier was sympathetic but non-committal. It was finally announced in June that the Government had decided to endorse or guarantee up to 50 per cent. of the value of approved Foreign orders for ship construction—after the purchasers had paid one-fourth of the cost of the vessel under contract. The scheme was based, in part, upon United States action during the War which had been found effective and was expected chiefly to apply to certain French orders. The Government, as security, would have a mortgage lien upon the vessels when completed. Sir Henry Drayton presented this scheme to the Commons on June 22 in elaborate Resolutions which were freely discussed.

Under this plan the Government really became responsible for endorsed notes in respect to one-half of the cost; it had the right of control over contracts and a first lien upon the ships; it would not at any time be committed for more than one-half of current construction costs. The proposals were opposed by various Liberal members—A. R. McMaster, O. Turgeon and F. S. Cahill, notably—who considered it to be "vicious legislation," and by J. H. Sinclair who declared the total credits involved to be unlimited. The Hon. T. A. Crerar, Agrarian leader, described the policy as unsound and almost as bad as that of Subsidies. Why, he asked, should ship purchasers from foreign countries be given special assistance and why should this particular industry be selected for Government aid? T. M. M. Tweedie (Cons.) responded by pointing out that the Alberta and Saskatchewan Governments had aided the Elevator industry of those Provinces and the Federal Government had helped the Western farmers in seed-grain loans for years past. The Hon. W. S. Fielding (Lib.) opposed the legislation as hasty and declared all guarantees dangerous—as in Railways; D. D. McKenzie (Lib.); R. F. Gould (Agrarian); Wm. Duff (Lib.) were critical in details. Hon. Jacques Bureau (Lib.) approved the poilcy. In concluding the debate Mr. Ballantyne, Minister of Marine, announced that the Government in the Bill to be presented was willing to limit the amount guaranteed to $20,000,000 spread over three years.

The Resolutions were approved on division and the Bill based upon them, read a first time; the second reading took place on June 24. Thomas Vien of Lotbinière (Lib.) strongly approved the project and quoted the New York *Marine Journal* of June 19 to prove that the British Government had subsidized the Cunard Line since 1840 and loaned $13,000,000 to build the *Mauritania* and *Lusitania*; W. D. Euler and S. W. Jacobs, K.C., (Liberals) opposed the measure while F. H. Keefer, H. B. Morphy and H. M. Mowat, K.C., (Unionists) supported it. The measure finally passed without a party division. The plan did not work out quite as expected and the decrease in construction which early showed itself in American yards and late in the year came to the Clyde—after a season of great activity in which Britain had again become supreme in shipbuilding—was duplicated in Canada. At the close of the year the Canadian-Vickers Company at Montreal announced they had no new orders for the coming year and that 40 per cent. of Canadian yards were in a similar position; in August the Dominion Shipbuilding Company of Toronto had assigned and the reason given was that the Company, while it did a large business, had to pay heavy penalties for the non-delivery of steamers owing to strikes and had suffered much from Labour troubles and high wages.

Position of Miscellaneous Industries and Industrial Interests.

There was continued progress in the Electro-Chemical industries during 1920. Shawinigan remained a notable centre in this respect with the Canada Carbide Co. which produced large quantities of carbide and the Canadian Electro Products Co. manufacturing acetic acid and acetone; the Northern Aluminum Co., which supplied all the aluminum required in Canada and a large proportion of the continent's export of that metal; the Shawinigan Foundries, Ltd., with its special grades of steel and alloy irons to stand abrasive and acid-resisting service and its manufacture of pig-iron from the electric furnace; the Canadian-Fero Alloys, Ltd., for the manufacture of ferro, sillico and other ferro alloys; the Canadian-Aloxite Co., for the making of aloxite and carborundum.

The Chemical industry had received a great impetus during the War and the production of chemical fertilizers, including the increased used of acid phosphates, were a feature of this year; a strong group of Montreal and Toronto capitalists took the immense plant at Trenton of British Chemicals. Ltd., formerly operated by the Imperial Munitions Board and turned it to the manufacture of aspirin, phao-acetine, and other chemical products. A $3,000,000 plant at Amherstburg, Ont., produced soda ash and caustic soda in large quantities and a plant at Windsor, Ont., started the production of chloride of lime and caustic, while Buckingham, in Quebec, established a plant to make chlorate of potash and sesqui-sulphide of phosphorus; other new chemical industries were the making of colouring figments for use in paper money, bonds, etc., the manufacture of blanc fixe, a filler used in letter paper, and the production of lead paste for use in putty and automobile tires

In Rubber goods Canada, in 1920, stood as the fourth country in the world but was constantly facing the tremendous competition of the American rubber industry—in 1919 the United States used 260,000 tons of the rubber crop of the world, Great Britain 30,000 tons, France 14,000 tons and Canada 12,000 tons; Canadian, British and American capital found investment in the industry and in important plants which at this time were established at Montreal, Toronto, Bowmanville, Guelph, Kitchener, Oakville, Oshawa, St. Catharines, Weston, Elmira, Merriton, Port Dalhousie, Granby, Sherbrooke and St. Jerome, with a special 1920 development in British Columbia; at the close of this year there came a temporary collapse in production, prices and markets following the situation in the United States with conditions particularly bad in tires and footwear. The capital investment in this industry (1919) was $14,202,879, the employees numbered 5,842 and the production totalled $36,651,640 of rubber goods and $19,351,794 of boots and shoes The following statistics of miscellaneous industries are compiled from the Dominion Bureau of Statistics relating to Canadian industries in 1918 and 1919:

Industry	Capital Investment	No. of Employees	Wages and Salaries	Production
Foundry and Machine Shops (1919)......	$100,606,542	25,329	$29,289,592	$ 81,710,215
Cooperage	2,020,404	769	662,312	20,903,035
Ships and Boats (1918)	57,444,941	22,492	27,148,628	76,630,417
Sash Door and Planing Mills (1919)......	39,095,008	9,101	8,422,879	36,913,090
Plumbing, Heating and Tinsmithing (1919)	31,258,215	11,935	11,636,866	47,009,238
Aerated Waters (1919).....................	6,545,803	2,034	1,575,339	7,366,759
Agricultural Implements 1919	83,276,450	10,808	11,858,013	36,703,943
Clothing—Men's wear (1919)	38,629,146	7,349	6,178,723	70,497,766
Clothing—Women's wear (1919)...........	29,759,416	17,494	15,422,762	59,660,865
Brass and copper (1919)....................	15,054,981	3,121	3,642,663	13,760,311
Meats (1919)	93,363,791	12,222	15,302,388	233,936,913
Fruits and Vegetables (canned) (1919)	15,956,695	5,984	3,184,663	9,042,851

Industry	Capital Investment	No. of Employees	Wages and Salaries	Production
Bread, Biscuits, Confectionery and Ice Cream (1919)	$111,995,144	22,098	$18,766,811	$104,868,699
Baking Powder and flavouring Extract (1919)	2,661,424	669	590,560	3,963,790
Packing (1918)	86,969,756	11,917	12,173,385	229,231,666
Cocoa and Chocolate (1919)	5,201,523	1,466	1,155,731	9,718,185
Coffee and Spice (1919)	6,112,630	791	9,167,734	10,892,892
Starch and Glucose	3,784,664	71	98,595	7,620,864
Paints and Varnish (1918)	15,784,610	2,023	948,637	17,678,049
Men's Furnishings	15,087,269	6,057	4,156,095	21,224,130
Building and Construction	45,011,116	30,013	33,519,839	94,493,222
Leather	28,435,806	3,722	3,464,845	33,079,998
Glass	7,443,525	117	210,522	6,578,602

Of special industries, Agricultural implements continued to be keenly discussed in respect, chiefly, to their tariff protection, their extensive trade abroad and their competition with great American establishments. A lack of material—notably malleable iron—was a factor in this branch of manufacturing during the year; the 86 plants in Canada used, in 1919, $5,577,067 worth of steel and steel castings, $1,838,566 of iron and iron castings, $1,226,917 of malleable iron and $2,051,030 of lumber and timber with $5,826,566 of miscellaneous material. The total capital investment was $83,276,450 and the production $36,703,943; there was in 1920 a persistent demand amongst farmers for machinery of all kinds—notably plows, waggons and cultivators.

The Boot and Shoe industry continued its high prices and good business well into the year; at its close there was great restriction in local demand and refusal to pay current prices for footwear. Competition amongst shoe manufacturers was as intense as ever and, despite the high rates, Canadian millionaires in this industry were not numerous; American-made shoes still commanded a certain market in Canada despite exchange conditions; the high cost of leather appeared to be a greater factor in local prices than that of labour; according to the Shoe Manufacturers' Association, most of the factories in that product would have been satisfied with a 5 to 8 per cent. profit on their turnover. The capital invested in the industry (1919) was $38,680,581, the materials used—chiefly leather valued at $18,321,138—totalled $40,523,696, the production was $63,319,128. As to general details, the Canadian Reconstruction Association published an exhaustive survey of the industry in May with the following chief findings:

1. Canadian boot and shoe manufacturers make approximately 95 per cent. of all the boots and shoes worn in Canada and, in addition, have developed an export trade which last year exceeded the value of imports.
2. The production of the average shoe factory in the United States is double that of the average factory in Canada, and one Company in the United States manufactures as many leather boots and shoes as all the Canadian plants combined.
3. The advance in the prices of boots and shoes in Canada has not been so great as the increase in the general level of prices. Indeed, it has been less on a percentage basis than the advance in the cost of materials entering into the production of such footwear.

4. With one exception, there have been no important combinations in the Canadian boot and shoe industry, and the keenest kind of competition prevails.

The situation as to Textiles in 1920 was somewhat varied. Dividends announced in the big Companies ran from 6 to 10 per cent.; data was presented to the Tariff Commission showing that current prices on many lines in Canada were far below corresponding lines in the United States and even in England; stocks carried at the close of the year by manufacturers were not heavy; the decline in the price of raw cotton had been, as a rule, reflected in the factory prices of the manufactured product. As to Companies, the sales in the past four years, and including 1920, had advanced in the four larger concerns as follows:* Canadian Cotton from $5,719,224 in 1917 to $11,148,438 in 1920; Dominion Textile, from $13,375,750 to $23,436,770; Montreal Cotton from $4,397,824 to $7,678,505; Penman's from $5,840,127 to $8,538.848. In profits the figures had ranged as follows: Canadian Cotton from $593,273 in 1917 to $1,838,443 in 1920; Dominion Textile from $1,582,705 to $3,434,752 (1919); Montreal Cotton from $473,688 to $1,014,204; Penman's from $864,780 to $2,188,141. The Assets of the Dominion Textile Co., Ltd., of Montreal, included in the year of Mch. 31, 1920, plants valued at $15,046,460 and raw cotton on hand of $4,497,094; its profits were $1,701,244, its surplus carried forward $703,961 and the previous surplus in Profit and Loss $4,053,044.

The six greater mills, including Canadian Converters and Wabasso, showed an increase in profits of $8,884,787 or 247 per cent. over those of 1916. Interviewed in London after a two months' tour of Canada and the United States, Alfred F. Barker, Professor of Textile Industries in the University of Leeds, said: "Upon the whole, the Canadian wool mills come up to the best Yorkshire mills—some few Yorkshire mills are better, many very much worse. The machinery employed is frequently quite up to date. Attempts are being made to introduce automatic looms for wool goods. It is interesting to note throughout Canada, especially in the cotton districts, that automatic looms are much in evidence—run very slowly; it is evidently recognized that the greater speed does not necessarily mean the greatest production. Labour is obviously well treated, from 4 to 16 automatic looms being followed by a weaver, according to the work dealt with. The styles produced in Canada are often quite satisfactory, but the developed cloth structure and colour skill which plays such an important part in the Yorkshire and Scotch wool trade is not markedly in evidence." Hosiery was, in his view, one of the greatest of Canada's future industries and Niagara electric power made conditions very satisfactory for industries; neither in Canada nor the United States did he, however, see a fine cotton yarn approaching that produced by the

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*Note—Compiled by H. H. Black in Toronto *Financial Post*, Nov. 12, 1920

Fine Cotton Spinners' Association of Great Britain. The following table shows the standing of the various Textile industries in 1919:

Industry	Capital Investment	No. of Employees	Wages and Salaries	Production
Cotton Textiles	$58,732,941	16,124	$10,981,091	$82,642,949
Hosiery and Knit Goods	34,149,593	12,995	8,460,739	45,052,002
Woollen Textiles	21,311,633	5,887	4,511,325	27,516,270
Woollen Yarns	4,561,236	972	627,927	6,575,710

Incidents of the year included the claim of the Packing industry to a product approaching $250,000,000 and an export of meats during the War period totalling (1914-18) $211,000,000 and sales within a year of from 10 to 16 times the total amount of capital—with a profit on the turnover averaging one-quarter of a cent per pound over a period of six years; the announcemen by the Sherwin-Williams Co., Ltd., that the common stock of the Company ($4,000,000) had for the first time since its issue been placed on a dividend basis of 1½ per cent. for the quarter ended Nov. 30, as a result of earnings totalling $1,281,338 or 18·3 per cent.; the statement that a British importing house would handle a considerable number of Canadian pianos during the year as a result of exhibits in June at the Canadian Industries Fair held in London; the discovery by Senor de Lavand of Brazil, and eventual use by the National Iron Corporation, Toronto, of a new and important process in the manufacture of iron piping; the steady development of a Linen industry with 8 plants in operation and the successful utilization of Canadian-grown flax in spinning. The following were some of the most important appointments of the year in respect to Industrial concerns:

Halifax Shipyards, Ltd.	President	H. B. Smith	Halifax
Dominion Coal Co., Ltd.	Ass't. Gen. Mgr.	H. J. McCann	Sydney
Dominion Iron & Steel Co.,	General-Mgr.	Edward F. Merrill	Sydney
Cockshutt Plow Co., Ltd.	Director	Sir Lomer Gouin, K.C.M.G.	Montreal
Laurentide Co., Ltd.	Director	G. H. Montgomery, K.C.	Montreal
Shawinigan Water & Power Co.	Director	Sir Lomer Gouin, K.C.M.G.	Montreal
Sherwin-Williams Co., Ltd.	Vice-President	W. S. Fallis	Montreal
Anglo-Canadian Wire Rope Co., Ltd.	President	D. W. Clark	Montreal
do	Vice-Pres't. and Man'g. Director	Lt.-Col. T. S. Morrisey, D.S.O.	Montreal
Dominion Bridge Co., Ltd.	Director	Howard Murray	Montreal
do	Director	Julian C. Smith	Shawinigan Falls
Dominion Steel Corporation	Director	Dr. W. L. McDougald	Montreal
do	Director	D. H. McDougall	Sydney
do	President	Roy M. Wolvin	Montreal
Riordon Co., Ltd.	Director	Hon. W. C. Edwards	Ottawa
do	Director	W. D. Ross	Toronto
Granby Consolidated Mining & Smelting Co.	Gen. Manager	H. S. Monroe	Anyox, B.C.
Canadian Fairbanks-Morse Co., Ltd.	Vice-President and Gen. Sales Manager	C. J. Brittain	Montreal
Gillette Safety Razor Co. of Canada	Director	H. J. Fuller	Montreal

B. C. Fishing and Packing Co., Ltd.	Gen. Manager	J. M. Whitehead	Vancouver
Massey-Harris Co., Ltd.	Director and Treasurer	Thomas Bradshaw	Toronto

An oft-discussed matter of this period was that of the manufacturers' profits; they were, sometimes, in these years and in 1920 very large and, in many cases, small on a large turnover of business. But costs of production were constantly mounting up and an illustration of how this worked out was apparent in the Boot and Shoe industry. The 1919 Census figures showed salaries and wages as totalling $13,250,744, Fuel and sundry expenses $168,954, miscellaneous expenses such as rent, insurance, royalties, depreciation, taxes, advertising, interest, travelling and selling expenses and repairs $4,408,646, and cost of materials delivered at factory or works, $40,523,696 or a total cost in the business of $58,352,040; the selling value of production was $63,319,128 leaving a total of $4,967,088 as the profit on operation of 161 plants or an average of $3,851 per plant. What the profits were by the time these goods reached the consumer was another question as well as who realized the profits! Taking the chief industries mentioned in preceding pages and adding together, as expenses, the salaries and wages, cost of fuel, all overhead expenses and cost of materials, the figures work out as follows:

Industry	No. of Plants	Expenses and Cost of Materials	Selling Price of production at Factory	Profit on Operation
Sash & Door and Planing Mills	729	$ 33,059,140	$ 36,913,090	$ 3,853,950
Meats	82	210,685,919	233,936,913	23,250,994
Woollen Textiles	76	22,611,704	27,516,270	4,904,566
Hosiery	114	39,642,415	45,052,002	5,409,587
Cotton Textiles	27	63,743,911	82,642,949	18,899,038
Clothing—Men's	1668	60,816,706	70,497,766	9,681,060
Plumbing, Heating, etc.	1963	40,564,597	47,009,238	6,444,641
Ship and Boat Building	204	64,550,278	76,630,417	12,080,139
Foundry and Machine Shops	731	67,055,291	81,710,215	14,654,924
Agricultural Implements	86	31,714,247	36,703,943	4,989,696
Brass and Copper	59	12,652,041	13,760,311	1,108,270
Automobiles	1289	88,841,912	101,196,706	12,354,794
Pulp and Paper	99	111,375,797	139,925,000	28,549,204
Rubber	32	45,507,450	56,003,434	10,495,984
Flour Milling	1255	237,782,051	262,763,392	24,981,341
Men's Furnishings	88	18,369,686	21,224,130	2,854,444
Building and Construction	1475	70,517,943	94,495,222	23,977,279
Leather	139	27,513,170	33,079,998	5,566,828

The Alberta Industrial Congress; The Canadian Reconstruction Association

At Edmonton on Feb. 16, 1920 the annual meeting of the Alberta Industrial Development Association was held with Mayor M. A. Brown of Medicine Hat in the chair and a formal welcome from Dr. R. G. Brett, Lieut.-Governor of the Province, and Hon. J. I. Coté, M.L.A., for the Government. Mr. Coté declared that Alberta required for its maximum development, cheap raw material, cheap power, a good market and sufficient labour; the President reported the formation and successful work of the Alberta Provincial Research Board composed of Dr.

H. M. Tory and other experts. Mr. Brown reviewed the work of the Association and stated that a Fund of $60,000 had been collected—including $20,000 from the Government and business men of British Columbia; announced that Brig-Gen. H. F. McDonald, C.M.G., D.S.O., had accepted the position of General Manager with Capt. H. H. C. Anderson and H. J. Cardell as Assistants.

He declared that as soon as the industrial Census of the Province was completed an active campaign would be arranged to further the use of Alberta-made products in the Province, and described the belief of the Executive that industrial development on a large scale must, fundamentally, wait upon increase in population and agricultural production: "The large areas of vacant arable land in close proximity to transportation are fraught with tremendous possibilities of production but, unless united efforts result in their rapid settlement, they may constitute a serious burden to the country and a handicap to industrial growth." Addresses followed from Lieut.-Col. Nelson Spencer of Medicine Hat, and Dr. H. M. Tory of Alberta University; the latter dealt with the relations of the University to science and of research to the people and problems of development. There were four outstanding activities which should be borne in mind: "The first is agriculture, the second the coal problem with its scientific treatment, the better use of by-products, and the cultivation of markets, the third is the bituminous sands of the North and the fourth is that of clay research."

The Hon. Charles Stewart, Provincial Premier, promised continued support along lines of research and scientific investigation for the promotion of industrial activity and agricultural betterment. A Resolution was approved asking the Provincial Government to start an investigation of the Hydro-electric possibilities of Alberta with a view to adopting a policy of publicly-owned hydro-electric power development. Another was passed urging the same Government to take all possible steps to bring the proposed Provincial irrigation scheme—bonding of lands at estimated cost of the work—to fruition. It was then unanimously decided to support the organization of the Western Canada Colonization Association for the development, on a large basis and including the entire West, of the ideals of the Industrial body and a Provincial Council and Executive was constituted.

Meanwhile, arrangements were under way for an Alberta-British Columbia Industrial Congress similar to that of the previous year at Edmonton and Calgary. The meetings were to be of the same itinerant nature and the 1920 Congress met at Medicine Hat and Lethbridge on June 2, at Calgary on June 3, and then at Edmonton on the 4th and 5th; Vancouver was visited on June 7 and Victoria on the 10th. The Calgary meeting was largely attended with M. A. Brown in the chair and addresses from Mr. Premier Stewart, and Hon. G. P. Smith, Provincial Minister of Education. The latter said that if manufacturers could convince the country that they were doing all they could to bring prices back to normal, it would be less difficult to induce labour to accept more moderate wages; he emphasized the belief that profiteering was not confined to any particular class and that the cities had developed too rapidly for the rural districts.

Brig.-Gen. H. F. McDonald and T. A. Hornibrook of Calgary spoke, as did F. H. Peters, Dominion Commissioner of Irrigation who dealt with the great block of 15,000,000 acres of land in which the centres were Calgary, Medicine Hat, Lethbridge and Macleod; his picture of this region was one of general development under dry farming methods but with large irrigated sections scattered through it; the total of irrigable lands was put at 1,500,000 acres with 743,000 acres under actual C.P.R. operation and 203,000 partly constructed by the Canada Land & Irrigation Co. Lieut.-Col. J. S. Dennis, C.M.G., declared that the payment of the Public Debt could not be made except by colonization and industrial development and that 30,000,000 acres of selected and good agricultural land were lying idle within 15 miles of established railway lines in the four Western Provinces. The oil deposits and by-products, alone, in the West, would more than take care of any surplus of settlers. President T. P. Howard of the Canadian Manufacturers was present and also spoke.

The Edmonton meeting heard addresses from Mr. Premier Stewart and Mayor J. A. Clarke, while H. B. Mackenzie of the Bank of Montreal dealt elaborately with Banking and Western problems. The travelling members of the Canadian Manufacturers' Association were present on this occasion as well as at Calgary; Dr. H. M. Tory dealt with agriculture as the basis of Canada's wealth and described this country and the United States as capable of feeding 500,000,000 people; R. B. Bennett, K.C., spoke with great frankness on the relations between labour and industry, Hon. Frank Oliver dealt with the Canadian empire in Northern Alberta, and Prof. J. A. Allan, PH.D., M.SC., described the Coal and Oil resources of the Province; Hon. C. R. Mitchell of Edmonton, S. R. Parsons and J. R. Shaw from Ontario also spoke together with R. C. Hoskins, Vice-President International Harvester Co. and C. H. Atwood, Water-Power Branch of the Interior Department.

Other industrial Associations of this year included the Manufacturers' Association of British Columbia—distinct from the Provincial branch of the C.M.A.—which met at Vancouver on Feb. 24 in its 6th annual Convention and elected J. H. Falconer as President; Vice-Presidents were appointed including A. B. Weeks, F. J. King, N. A. Yarrow and Nels Nelson; 8 Sections, which covered the distinctive industries of the Province were reconstituted for the year. James Ramsay, in his retiring Presidential address, referred to current unrest in Vancouver: "It was only co-operative effort of the Government, employers and the sound thinking element amongst our artisans, which averted a catastrophe in 1919. The loss of production through strikes has been enormous. The insidious preaching of Socialism in its extremest forms has reduced the *morale* of productive labour, with its corresponding effect on production itself, and as a natural consequence the price of commodities has gone up, the cost of living has increased *pro rata*, and wages have been increased to meet same."

A moveable Convention of the Niagara District Industrial Association was held on Aug. 2-4 at the cities of Niagara Falls, Welland and St. Catharines. Bridgeburg, Port Colborne, Fort Erie, Chippawa, Humberstone, Merriton and Thorold were also visited. Niagara Power developments were inspected and speeches heard from W. M. German, President of the Association, Hon. G. D. Robertson, Minister of Labour, and F. W. Field, British Trade Commissioner. Hydro-electric conditions, Welland Canal construction and Labour developments were the chief subjects of discussion. A. C. Lewis of the Canadian Deep Waterways movement urged his hearers to "bring the ocean to your doors," and Senator Robertson declared, with regard to canalization of the St. Lawrence, that Federal aid was assured, and stated that for more than three years the Dominion Government had been making surveys preparatory to a start in the work of power development and deepening of the waterways to the sea.

The Canadian Reconstruction Association continued throughout 1920 to conduct an active educational movement of industrial and national significance. Since its organization in March, 1918, it had issued over 7,450,000 copies of pamphlets, bulletins, leaflets, and other educational material; prepared special reports on industrial, commercial, and fiscal questions for individuals and groups, and furnished information to hundreds of applicants; in addition, it had circulated 150,000 copies of the special Information Service, which was sent weekly to daily papers throughout the Dominion, members of the Federal and Provincial Parliaments, Bank managers, and men and women prominent in the educational, commercial, financial, and business life of the country. The announced policy of the organization was the correction of extravagant, or dangerous economic teaching, the securing of fair and equitable treatment for capital and industry, the prevention of excessive and confiscatory taxation of business, and the maintenance of adequate protection for Canadian industry and labour.

It was agressive during the year in promoting the Made-in-Canada movement and in urging public support for the home market idea, in appealing for remedial measures to correct the exchange situation, and in urging reduction of imports from the United States. It appealed particularly to the Western Provinces to recognize the extent and variety of their natural resources and to consider measures necessary to their development and to the establishment of industries naturally related to their interests. It secured the passage by over 100 municipalities of Resolutions definitely affirming a policy of buying Canadian-made goods. Among its important publications of the year were *The Outlook for Canada* and *Agriculture and Industry*—special pamphlets which urged abolition of the Excess Profits Tax and a revision of the whole system of Provincial and Federal taxation. They also emphasized the inter-dependence of agriculture and industry and the necessity for industrial stability and expansion in order that the country might carry its war burden without excessive strain.

A useful pamphlet was devoted to *The Railway Question in Canada* in which the problem was examined with special attention to freight and passenger charges, the position of the Government system and the C.P.R. Company, and the National policy which the Association deemed necessary to improve revenues and reduce railway deficits. In *Western Factories and Lower Prices*, and *Ways to National Prosperity*, it dealt with special phases of the Made-in-Canada movement and also published an elaborate survey of the Boot and Shoe industry in Canada which illustrated the value of the industry to the country and the alleged necessity for adequate tariff protection. Sir John Willison remained the energetic President of the Association and delivered many addresses throughout the year upon economic issues, industrial conditions and Tariff protection. Sir John and the Association protested, on June 8, against the Luxury taxes of the Budget and claimed, as a result of careful investigation, that the Canadian taxes applied to a much larger number of commodities than did similar taxes in the United States, that the non-taxable limits were lower in many cases in Canada and the Canadian rates higher. The Association urged that the taxes on such commodities as boots and shoes, clothing, etc., should be revised and made to apply only on the excess over the non-taxable limits.

In connection with the Made-in-Canada advocacy Municipalities all over the Dominion were communicated with by the Association and told that the heavy discount on Canadian exchange was a symptom of an unhealthy national condition, that, "apparently, the only permanently effective remedies were an increase in production in the Dominion, development of export trade, curtailment of unnecessary imports, and substitution, to the largest possible extent, of Canadian products for commodities." It was urged that in the National interest Canada must attain a larger measure of economic independence: "It can do so by developing the home market. A pronounced demand for

Made in Canada goods would constitute a guarantee of sales which would encourage factory expansion. By such expansion, new wealth would be created through increased production, and steady and profitable employment would be provided for new industrial populations. Any substantial increase in industrial workers would create bigger and better markets for all kinds of farm produce. New factories, expansion of old factories, greater production, more workers, and better agricultural markets mean national progress."

In its widely-circulated *Ten Commandments for Canadian Trade*, the Association included the following injunctions: Buy Canadian products; Import only necessities; Produce to the limit in field and factory; Co-operate, Conserve, Specialize, Standardize; Develop export markets; Utilize Canadian services; Manufacture raw material to final stages in Canada; Use science for the determination and development of natural resources; Make quality the hall-mark of Canadian products; Be fair to Capital.

The Western Canada Colonization Association: Combining the East and the West.

The basic ideal of this organization appealed to Eastern manufacturers and bankers, to Western farmers and Governments alike; the West was said to need industries which, in turn, required new markets and the latter could be created at the very door of the producer by increased population; there were 30,000,000 acres of land suitable for cultivation lying unsettled and untilled within 15 miles of existing railway lines which, if sold to or taken up by farmers, would mean immense increases in agricultural production, fruitful markets for Eastern and Western industry, enhanced national wealth.

Mayor M. A. Brown of Medicine Hat thought he saw a way of developing this idea into practical reality; he had already achieved local impossibilities in the industrial expansion of Medicine Hat and the extension of a number of large industries there; he had undertaken, in 1915, the lease of 4,000 acres of land for one year and produced in that single season 132,000 bushels of wheat and 16,000 bushels of oats; he had induced, in 1917, the Canadian Northern Railway to complete the line from Hanna to Medicine Hat by arranging, in time of war and shortage, for rails, ties, labour and money. Then he started out to encourage the development of industries in the Province as a whole and the Alberta Industrial Association and yearly Congress was one result; another was the Western Canada Colonization Association. The former had, in 1919, brought together the East and the West in business consultation at Edmonton and Calgary; at Calgary on Feb. 6, 1920, Mr. Brown brought the bigger proposal before the Union of Alberta Municipalities.

A Resolution was passed which referred to the 30,000,000 acres of Railway land and its possibilities; declared that "an organization of the business interests of the country should be formed to act in co-operation with the Dominion and Provincial Governments, transportation companies and other organizations, in an endeavour to secure suitable colonists from outside Canada for these areas"; proposed the formation of a Western Canada Colonization Association for the three Western Provinces with a Committee of 15 to complete details of organization; offered the aid of the Alberta Industrial Development Association for the preliminary work of finance and organization. At the Edmonton meeting of the latter body on Feb. 16, a temporary Executive Committee for the new organization was appointed composed of the Lieut.-Governor, Dr. R. G. Brett, and Pat. Burns, Calgary; James Ramsay, M.L.A., and M. R. Jennings, Edmonton; H. W. Wood, Calgary and C. S. Noble, Nobleford; M. A. Brown, Chairman, and Brig.-Gen. H. F. McDonald, C.M.G., D.S.O., Secretary. In speeches made at this time by Mayor Brown and others, it was estimated that the settlement of 30,000,000 acres of land in Western Canada would have far-reaching effects. Divided into approximately 100,000 farms it would mean an influx of 100,000 farmers and their families; the average family numbering five this would mean that 500,000 persons were added to the agricultural population. It was claimed that this, in turn, and according to experience elsewhere, involved an addition of 500,000 to the city and town population and industrial life of the West. The consequent increase in National wealth was calculated as follows*:

New wealth brought in by settlers	$ 150,000,000
Net worth of new farm production in perpetuity	1,875,000,000
New capital attracted from abroad for industrial undertakings	75,000,000
Worth of new wealth resulting from profits on handling new farm production	500,000,000
Total	$2,600,000,000

These bright and rosy estimates became popular and at a joint meeting of Association promoters from all three Provinces at Calgary on Apr. 2, it was decided to appeal to the business corporations, financial and industrial interests of Canada for a Fund of $1,500,000 to be paid in three annual installments; the expenditure to run over a number of years. It was decided to ask a certain number of outstanding men in National finance and other interests to become founding members by subscribing $5,000 or $10,000 each and the following Westerners at once volunteered their contributions: James Ramsay, Edmonton; P. Burns and George Lane, Calgary; Dr. F. W. Gershaw, Medicine Hat; J. K. McInnis and W. D. Craig, Regina; J. H. Ashdown, Sir Augustus Nanton, Jerry Robinson, Sir James Aikins and E. F. Hutchings, Winnipeg; J. F. Cairns and F. R. McMillan, Saskatoon. It was announced that the Association was to be operated under Federal charter without share capital and without gain or profit to the contributors and the objects were summed up as follows:

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*Note—Canadian Finance, Winnipeg, Dec. 1st, 1920

1. To assist in bringing about the settlement of the vacant lands of Western Canada.
2. To give advice and directions to settlers entering Western Canada.
3. In a measure, to direct inter-Provincial colonization.
4. To bring about co-ordinated effort between this Association, and the Governments and Railways for land settlement in Western Canada.
5. To carry on activities of national development; to encourage inter-Provincial migration or the settlement in other parts of Canada of both Eastern and Western Canadians who were intent on leaving their places of abode.

During April and May a delegation composed of Mayor Brown, James Ramsay of Edmonton, Brig.-Gen. H. F. McDonald of Lethbridge, Lieut.-Col. J. Young Reid of Winnipeg and A. E. McKenzie of Brandon; Col. Nelson Spencer, M.L.A., Medicine Hat; Major F. J. James, Regina; F. R. McMillan, Saskatoon; D. H. McDonald, Qu'Appelle; R. A. Darker, Calgary; J. M. Carruthers and Edward Parnell, Winnipeg; and R. J. Hutchings, Calgary, was appointed to tour the East and obtain subscriptions. The party met at Winnipeg on Mch. 2 and at this time also included Dr. A. O. McRae of Calgary and M. R. Jennings of Edmonton. When the East was reached, F. D. L. Smith, lately Editor of the Toronto *News*, was appointed to take charge of the Publicity work of the Association. Members of the delegation did not all visit the same places; on May 23 Lord Shaughnessy and other representative men in Montreal were seen and in a few hours $10,000 each was subscribed. So in Toronto where, on Apr. 22, a part of the delegation was entertained at a luncheon by the Canadian Manufacturers' Association.

Mr. Brown, in his address, declared that Eastern manufacturers could create a sentiment in the West for business development by extending branches of their Eastern plants and making Western Canada realize that they should not continue indefinitely the shipping of raw products eastward. He described the objects of the new organization. The delegates were in Hamilton on Apr. 22 and laid stress here and elsewhere on the necessity of bringing together the agricultural West and industrial East. London, Ottawa, Windsor, Kitchener and Montreal were also visited with excellent results—$250,000 being raised in one month. The original Eastern donours who assisted and received the name of founders included Lord Shaughnessy, Sir Vincent Meredith, James Carruthers, C. R. Hosmer, Sir Charles Gordon, Brig.-Gen. F. S. Meighen, Sir Herbert Holt, H. R. Drummond, R. B. Angus and Sir Montagu Allan, J. W. Norcross, Sir Mortimer Davis, Roy M. Wolvin, D. Lorne McGibbon, Carl Riordon—all of Montreal; from Ontario centres the initial contributors were Sir J. W. Flavelle, F. F. Dalley, Sir John Eaton, Hon. M. J. O'Brien, Senator John Milne, Sir Edmund Osler, Col. R. W. Leonard, R. O. McCulloch, Sir John Gibson, C. H. Waterous, G. D. Forbes, E. W. B. Snider, G. H. Lang, F. R. Lalor, M.P., Senator W. C. Edwards and Frank Cockshutt; from London, W. Grant Morden, M.P., and Sir G. H. Perley joined the group.

Following this stage, with about $400,000 pledged, conferences were held with a number of business organizations in the East as a result of the Committee's first visit to Eastern Canada and of the earlier work done in the West, $900,000 was secured. The delegation returned home in July, and another Committee was despatched to the East on Sept. 15. In the forty days following $400,000 additional money was added to the Fund. On Nov. 18 a Western campaign was launched at Winnipeg with Sir J. A. M. Aikins, J. H. Ashdown, Dr. R. G. Brett, Frank Russell of the C.P.R., Percival Baker of Ponoka, Alta., Isaac Pitblado, K.C., of Winnipeg, and Norman McKenzie, K.C., of Regina, who had compiled the Association's Charter and By-laws, Hon. T. C. Norris, and Mayor M. A. Brown amongst the speakers.

In his address Mr. Brown declared that this policy, in practical effect, would mean a greatly enlarged food production, a rapidly expanding export trade and a corresponding growth in national wealth; a progressive correction of the present adverse exchange rate; corresponding facilities in the liquidation of public and private debts owed abroad; such an increase in the population as would make the National war debt easier to carry; a lightening of the *per capita* taxation; such an improvement in passenger and freight traffic as would lessen the current deficit on the National Railways and help in time to convert these transcontinental lines into a self-supporting enterprise; a notable expansion of the domestic market for Canadian industries; a speedier development of oil, coal and other natural resources of the West. Meanwhile, H. E. the Duke of Devonshire had become Patron of the Association with the following Eastern Directors appointed: Sir C. B. Gordon and Carl Riordon, Montreal; Sir John Willison and A. M. McQueen, Toronto; Robert Hobson, Hamilton; Frank Cockshutt, Brantford, and Lieut.-Col. R. W. Leonard, St. Catharines. The Western Executives, as they stood at the close of 1920, with $1,300,000 subscribed, were as follows:

Alberta: Lieut.-Governor R. G. Brett, James Ramsay, M.L.A., M. R. Jennings, Edmonton; P. Burns, Calgary; H. W. Wood, President of the United Farmers of Alberta; Brig.-Gen. H. F. McDonald, C.M.G., D.S.O., Calgary; C. S. Noble and Mayor Brown, Medicine Hat.

Saskatchewan: Major F. J. James and J. K. McInnis, Regina; J. B. Musselman, J. F. Cairns, and F. R. McMillan, Saskatoon; J. K. Kern and John Crwford of Moose Jaw, and Peter McAra, Regina.

Manitoba: James H. Ashdown, Col. J. Y. Reid, H. B. Shaw, of the Union Bank, W. H. Carter, W. E. Milner, Winnipeg Board of Trade, A. E. McKenzie, Brandon, Robert Forke, Pipestone, and G. L. Bowman, Dauphin.

PROBLEMS OF GENERAL DEVELOPMENT.

Canadian Trade Conditions in 1920; The United States and Great Britain.

Two tendencies and currents in Canadian trade have been visible throughout the modern history of Canada—to export largely to Great Britain and import largely from the United States. Neither high and still higher tariffs on the American border against Canada, periods of unpleasantness in international relationship, political strife within Canada as to Reciprocity and electoral verdicts against that policy, or the very marked development of Canadian industrial production, have seriously affected this Import condition. In 1920 the outstanding features of Canadian trade were (1) the continued growth in imports from the United States, despite adverse exchange conditions, and also in exports to that country—largely in agricultural and forest products; (2) the confirmed place of Canada as the second best customer of the United States with Great Britain as the first and the fact that 50 per cent. of all Canadian exports in this period went to the British Empire; (3) the marked increase in Canadian exports to Great Britain to almost the pre-war total which had been cut in half.

Putting this situation a little differently Canada's purchases from the United Kingdom in the year ending Mch. 31, 1914, were 21·35 per cent. of its total purchases; in 1919 they were 7·96 per cent. and in 1920 11·86 per cent. From the United States they were in the same years as follows: 63·96 to 81·50 per cent. and 75·44 per cent. Canada's sales in the pre-war year were 48·81 per cent. to Great Britain, in 1919 they were 44·20 per cent., and in 1920, 38·54 per cent.; to the United States they remained about the same in these years—38·85 per cent. in 1914, and 38·94 per cent. in 1920. In Canada's total exports to all countries animals (living) increased by $15,000,000, wheat by $88,000,000, hides and skins by $12,000,000 and leather by $6,000,000, bacon and hams by $30,000,000, paper by $14,000,000, automobiles by $7,000,000, unmanufactured wood by $35,000,000. The so-called favourable balance in trade which, in 1916, showed itself for the first time since 1902, had dwindled from $577,000,000 in 1918 to $174,000,000 in 1920; if Sir Edmund Walker's calculation that the annual interest on Canadian public and private debts owed in Great Britain and the United States amounted to $190,000,000 were accepted, as it naturally would be, then there was really no "favourable" balance at all. The totals of Canadian trade in its main channels during the fiscal years ending Mch. 31, 1914 to 1920 were as follows:

Years	Exports to U.K.	Exports to U.S.	Exports to Other countries
1914	$222,322,766	$200,459,373	$ 56,215,789
1915	211,758,863	215,409,326	63,640,688
1916	463,081,241	320,225,080	99,566,181
1917	756,071,077	486,870,690	132,816,371
1918	861,073,399	441,390,920	283,705,473
1919	560,839,116	477,745,659	230,180,510
1920	495,960,118	501,130,117	289,568,474

Years	Imports from U.K.	Imports from U.S.	Imports from Other countries
1914	$132,070,876	$410,786,091	$120,835,482
1915	90,160,781	428,616,927	68,661,596
1916	80,108,795	398,693,720	63,274,846
1917	121,763,214	677,631,616	74,042,596
1918	81,324,283	719,906,125	89,313,338
1919	73,035,118	746,920,654	96,473,563
1920	126,359,249	801,100,700	137,068,174

The great increase of Canadian trade during 1914-20 from a total of $1,112.690,377 to $2,351,186,832 was, no doubt, due largely to increased values; authoritative estimates of 70 per cent. of American trade in that period—all for which weights as well as values could be determined—showed an increase of 65·6 per cent. in weight of imports and 34·6 per cent. in weight of exports as compared with an increase in values, respectively, of 243·9 per cent. and 224·4 per cent. Details in the trade competition of other countries in a free British market, attraction of the enormous American population to the south, or influences of contiguity and greater facilities in trade and credits, checked the Overseas trade in varying ways. Yet, in the 40 years from 1873 to 1913, Canadian Exports to the United Kingdom totalled $3,239,123,480 and to the United States $2,380,746,447; the Imports from the United Kingdom were $2,223,513,848 and from the United States $4,237,244,495.

In the ensuing seven years of war the situation changed in the sense of enormous increases in both trade currents and it was not until the fiscal year 1920 that the United States, for the first time since the small trade days of 1889, purchased more Canadian goods (in value) than were exported to Great Britain. It imported $559,956,669 worth of products from Canada in the calendar year 1920 or 105 millions more than in 1919; its exports to Canada in 1920 were $921,625,825, or $182,000,000 of an increase. To Great Britain in 1920 Canada sent $341,168,451 as against $528,036,604 in 1919 and imported, respectively, $231,479,294 and $87,659,198. Trade with the British Empire (apart from the United Kingdom) increased in this calendar year with Canadian imports standing at $54,683,819 as against $41,321,707 in 1919 and Canadian exports at $90,872,154 compared with $76,927.642 in 1919. The imports from Belgium increased $3,800,000 and the exports to that country $28,000,000; the imports from Cuba increased $20,000,000 and the exports to the Island $2,000,000; the imports from France grew by $14,000,000 though the exports decreased by $28,000,000; the exports to Greece increased by $13,000,000, to Italy by $39,000,000 and to the Netherlands by $15,000,000. The trade of Canada, as a whole, in the calendar year 1920 compared with the two preceding years as follows:

	1918	1919	1920
Dutiable goods imported	$511,118,455	$607,458,191	$890,847,353
Free goods	399,030,685	333,555,422	446,073,668
Total Imports (mdse.)	910,149,140	941,013,613	1,336,921,021
Canadian Exports	1,199,636,463	1,240,995,606	1,272,657,442
Foreign Exports	44,093,309	53,834,766	30,147,672
Total Exports (mdse.)	1,243,729,772	1,294,830,372	1,302,805,114

The duty collected was $203,028,799 or $34,000,000 more than in 1919. Of the Imports the most notable increases were in breadstuffs $8,000,000, chemicals $6,000,000, Bituminious coal $31,000,000, cotton $52,000,000, iron and steel $62,000,000, cotton $52,000,000, iron and steel $62,000,000, rubber $6,000,000, Silk $12,000,000, Sugar and molasses $19,000,000, wood $10,000,000 and wool $37,000,000. The chief Export increases were in cheese $8,000,000, coal $6,000,000, wheat $156,000,000, Paper $23,000,000, manufactured wood $30,000,000 and wood-pulp $39,000,000. The only serious decrease in Imports was $10,000,000 in meats, but in Exports, animals (living) decreased $27,000,000, fish and hides each $9,000,000, meats $44,000,000, beef $10,000,000 and wheat flour $51,000,000. Some of the Imports in 1919 and 1920 were interesting to record in view of the ariff conditions and questions. The first section of the following table deals with imports of farm products, or raw material based upon farm products, and the second relates to imports of manufactures:

I. Farm Products—Imported.	1919	1920
Animals (living)	$ 2,519,654	$ 3,280,354
Breadstuffs	19,266,167	27,629,259
Butter and Cheese	707,357	890,572
Eggs	1,810,409	3,051,833
Flax, hemp and Jute	13,201,626	18,728,111
Hides and skins	18,298,645	16,128,997
Lard	930,452	3,182,240
Seeds	2,605,312	5,877,212
Meats	20,169,881	10,795,957
Leather	15,274,592	13,408,731
Tobacco	13,656,233	15,717,180
Vegetables	5,377,081	6,265,907
Wool	46,619,228	84,427,832
Total	160,436,637	209,384,185

II. Manufactures—Imported.	1919	1920
Bricks, Clays and tiles	$ 2,501,407	$ 4,070,884
Chemicals	19,838,507	26,675,833
Brass	4,442,460	6,337,775
Iron and Steel	150,500,893	213,316,321
Musical Instruments	3,933,207	4,101,438
Paper	9,246,414	14,058,946
Ribbons	2,090,080	4,593,720
Soap	1,258,157	1,698,545
Vehicles	27,612,050	32,387,605
Vessels	6,520,172	3,710,235
Total	227,943,347	310,951,302

Meantime, various countries had been trying to develop trade with Canada; orders poured in upon Trade Commissioners abroad, the Government at Ottawa, or individual corporations; credits were nearly always desired and there was little machinery or means available for their extension. W C. Noxon, Director of the Overseas Trade Branch of the Department of Trade and Commerce at London, pointed out, in an interview on Apr. 29, that "nearly all manufactured goods have advanced in price since the War from 100 to 500 per cent., that Canada possesses much of the raw material used in production and that it should be able, with cheap power and efficient labour, to produce not only sufficient for the home requirements, but for export against any competition." Credits however, were essential. They were given in several cases by the Canadian Government —notably to promote exports to Greece and Roumania. In the former case the benefit would come not so much from a large direct trade as in working up relations with the Levant or Near East generally. As W. McL. Clarke, Canadian Trade Commissioner to Italy, pointed out early in the year: "That territory which stretches from the Danube down to the Mediterranean and Northern Africa and from Italy to the Caspian Sea and down to the Persian Gulf—the real Levant—buys annually $500,000,000 worth of goods, and it is this territory, as a whole, that I believe will furnish the Canadian manufacturer with a large market."

Later on, Greece and Egypt both desired large quantities of Canadian wheat and flour and quotations were asked by the former country on 200,000 tons of wheat and by the latter on 180,000 tons of flour. Mr. Clarke pointed out in a Departmental report at the close of 1920 that Greece was contemplating a whole host of improvements and reconstruction works. Conditions, however, did not seem to warrant the extension of this and other credits. None-the-less, was the year a notable one in Canadian trade. It began with rising prices, activity in demand and supply, freedom in merchantile credits; it closed with a distinct recession in prices—especially wholesale—a clear contraction in credits, a decline alike in speculative demand and consumption. Ocean shipping was again plentiful and large stores of foodstuffs and raw materials were again available in various countries more or less inaccessible during the War and the shortage in ships; world competition had developed and prices of staples in the latter part of the year fell with a rush. Canada sold more goods to the United States and several other countries than ever before though exports to Great Britain fell off and this, with slowness for a time in cash from British sales, helped to increase the exchange trouble. Canadian export trade in the three fiscal years, 1918-20, were, in products, divided as follows:

Exports	1918	1919	1920
The Mine	$ 73,760,502	$ 77,514,508	$ 62,316,304
The Fisheries	32,602,151	37,137,072	42,285,035
The Forest	51,899,704	70,551,901	105,325,375
Animal Produce	172,743,081	198,598,437	258,998,010
Agricultural Products	567,713,584	271,110,210	365,392,814
Manufactures	636,602,516	555,429,130	403,132,161

Exports	1918	1919	1920
Miscellaneous	4,706,250	6,102,548	2,042,399
Totals, Canadian Produce	1,540,027,788	1,216,443,806	1,239,492,098
Foreign Produce	46,142,004	52,321,479	47,166,611
Total Exports, mdse.	1,586,169,792	1,268,765,285	1,286,658,709

In the calendar year 1920 the characteristics of the fiscal year were intensified. Imports from the United Kingdom increased by $143,000,000 while Exports to that country decreased by $186,000,000; Imports from the United States increased and, during the year, only a small portion of Canada's $25,000,000 credit to Greece in 1919—$2,747,031 up to May 1, 1920—was actually utilized. The products sent were chiefly military supplies—boots, blankets, sweaters and leathers. Roumania was different and of its $25,000,000, granted in 1919, up to Mch. 31, 1920, $19,410,041 was expended. The Canadian Association of Woollen Manufacturers made strong efforts to get business in Roumania and, early in the year, sent an agent to that and other Balkan countries; in August about $7,500,000 of orders were allotted amongst Canadian woollen mills for khaki frieze and serge, blanket cloth and tweeds and knit goods; these contracts were financed by a British syndicate and did not involve Canadian Government credits. Of the other 1919 credits, Great Britain utilized $23,407,360 up to Mch. 31, 1920, out of $50,000,000; Belgium used $1,754,352 out of $25,000,000; France used $5,501,730 out of $25,000,000.

There was much talk during the year of trade with Russia and its admittedly great potential demand; transport and credits and possibility, or otherwise, of payment were the elements of difficulty. The Russian Co-operative Union which was said to have 50,000 distributive agencies and to serve 20,000,000 families, was the only element between the people as a whole at this time, and starvation, but it had come under control of the Bolsheviki and was not reliable in the matter of credit or payment. With Siberia, while under the anti-Red rule, there was a chance for real trade but it collapsed with the fall of Kolchak; the Canadian Economic Commission to Siberia had reported $100,000,000 as the business which Britain and Canada might do there under other conditions; in the summer of 1920 C. A. K. Martens, the Soviet Agent in New York, and other representatives of Russian interests, approached various Canadian firms with a view to resumption of trade and with proposed business in hand up to $7,000,000.

The Canadian Government's attitude was one of non-interference and the same as to the Eastern Siberian Socialistic Governments—four in number—which in August, tried to effect some arrangement with Sir George Foster. British investigations at this time showed that Russia, the greatest wheat country in the world, had none for export, that railway disorganization was so complete that nothing in raw materials could be got out of the country or goods in exchange into the country. Aid in transport arrangements was the first consideration and only gold could be accepted or utilized for this. Meantime, Canada's import trade had been growing from Japan at a rate of over 350 per cent. since 1915; in this trade the chief Canadian imports were cotton goods, silk, fabrics and clothing, rice, fruits, and tea, vegetable oils and iron and steel products. Vancouver, which had always been interested in Oriental trade and its possibilities, sent a delegation of 20 business men in April to visit Japan and China—headed by C. Spencer, President of the Board of Trade; British interests in the East favoured Canada as against foreign peoples and the C. P. R. and the Dollar Steamship Company had excellent steamship services between the two countries. M. Shimizu, Japanese Consul-General at Ottawa, declared that Japan wanted Canadian pulp and paper, metals, ores and wheat, and certain high-class manufactures.

The development of trade with Cuba was another marked condition of 1920—$22,000,000 in the year; the large interests of the Royal Bank of Canada, being, no doubt, a factor. Cuban tobacco and sugar were important elements while Canadian lumber, cement and flour could all compete with United States products in a considerable Island market; the new services of the Canadian Government Merchant Marine and the New Orleans Navigation Co. helped to this end. Mexican conditions became more settled during the year and trade possibilities were revived with a doubling, in actual amount, since the War while the prospect of a return to Canadian investors in Mexican projects of the past became more promising. Canadian trade with South America was steadily increasing and had more than doubled since 1914—chiefly with Argentina, Brazil and Peru; Brazil, especially, a country as large as the United States and with four times the population of Canada, showed great possibilities of trade in manufactures and foodstuffs; the demand for cement, rails, paper, pulp, steel products, building materials, tools, cotton goods, chemicals, wheat and flour, was large and steady.

The Department of Trade and Commerce did much to advance Canadian interests abroad in this as in preceding years. Its arrangements for foreign credits were as wide and varied as the troubled conditions of the time would warrant; its Trade Agencies abroad were reasonably effective with representatives at 23 important Imperial or international centres; its representation of Canadian industry and production at various Fairs and Exhibitions abroad was enterprising and helpful; its moving-picture industry was a forceful and useful element in propaganda. The Bureau of Exhibits and Publicity at Ottawa controlled this latter work as a branch of the Department and had a large, and up-to-date, producing plant; Canadian pictures so produced were seen nightly throughout Canada by tens of thousands of people and in the United States by an estimated 3,000,000 persons per week. In Great Britain these films became a powerful element in promoting immigration and investment; in New Zealand and Australia, South Africa and Newfoundland and India, they aroused great interest. F. C. T. O'Hara, Deputy-Minister, in his Annual Report for 1920, drew attention to a point of special interest in view of the frequent Canadian complaints as to big British concerns doing business in Canada *via* New York; "Complaints have reached the Department from foreign buyers that, upon their placing an order with certain Canadian manufacturers to purchase goods manufactured by them, they have been referred to agencies in the United States and informed that such United States agencies handle all their foreign business." As to Foreign trade, Mr. O'Hara was explicit:

> Foreign competition for the trade of the world is very intelligent and very fierce, and if a Canadian manufacturer seeks foreign business he has to meet that competition and to meet it adequately. To meet it adequately means the employment of brains and money and the putting forth of conscientious efforts to acquire, in some degree at least, the purchaser's point of view and a disposition and willingness to meet him at least half-way in his wishes; to try to give him the thing he wants and not what the Canadian manufacturer thinks he ought to want. What is more, if our people expect to compete with the Americans, French, and Germans, etc., they must educate the younger generation of business men to understand foreign trade and to speak foreign languges, and to meet foreign methods and demands.

Buying goods in Canada or from the Empire was urged as a solvent of National Debt and exchange troubles; made-in-Canada stamping of goods was advocated and the use of Canadian ports for shipment urged; intelligent co-operation with the Trade Commissioners abroad and utilization of the Commercial Intelligence Branch of the Department were suggested. The Dominion Bureau of Statistics was also under Sir George E. Foster as Minister of Trade and Commerce, and was directed by R. H. Coats, F.S.S., as Dominion Statistician; its work proved increasingly valuable from year to year, its *Canada Year Book* a most useful work of statistical reference; in the winter of 1920 Mr. Coats acted as Canada's representative at an Empire Statistical Conference in London. The Board of Grain Commissioners was also under control of this Department and its work of overseeing grain transport and storage was effective; though not directly associated with trade, the Department also had supervision of Electricity and Gas inspection, administration of weights and measures, the Gold and Silver Marking Act and the Crude Petroleum bounties.

During 1920 there were some important developments of policy by the Department. The Canadian Trade Commission, after the freeing of trade from war-time control, ceased practically to operate though it wound up portions of business under the credit arrangements of the Government; incidentally, it was announced on Aug. 16 that in respect to some lumber contracts made during the war and under which certain Canadian lumber firms stood to lose owing to later exchange conditions, the British Government had decided not to insist upon the letter of the contracts and to share the loss. The winding up of the Commission in the autumn resulted, later on, in the closing of the Overseas Trade branch and the retirement of W. C. Noxon as its Chairman. Various appointments were made as Trade Commissioners abroad. Major Ernest L. McColl, B.A., of Toronto, was sent to Brazil; W. M. Clarke, Trade Commissioner to Italy, carried out special trade investigations for the Department in Spain, Greece and Egypt; H. R. Poussette was sent on an inspection trip to Japan, China, Vladivostock and India and, later in the year, was appointed Commissioner of Commerce at Ottawa; P. W. Ward was made Assistant Trade Commissioner to South Africa. The other Trade Commissioners at the close of the year were as follows:

Foreign Country	Commissioner	Headquarters
Argentina	B. S. Webb	Buenos Aires
China	J. W. Ross	Shanghai
Cuba	H. A. Chisholm	Havana
France	Herculé Barré	Paris
Holland-Belgium	A. Stuart Bleakney	Brussels
Italy	W. McL. Clarke	Milan
Japan	A. E. Bryan	Yokohama
South Eastern Europe	L. D. Wilgress	Bucharest
Norway and Denmark	C. E. Sontum	Christiania
British Empire		
United Kingdom	Harrison Watson	London
do	J. E. Ray	Manchester
do	J. Forsyth Smith	Liverpool
do	N. D. Johnson	Bristol
do	G. B. Johnson	Glasgow
Australia	D. H. Ross	Melbourne
do (Agent)	B. Millin	Sydney
Newfoundland	W. B. Nicholson	St. John's
New Zealand	W. A. Beddoe	Auckland
South Africa	W. J. Egan	Cape Town
British West Indies	E. H. S. Flood	Bridgetown
do (Agent)	Edgar Tripp	Port of Spain
do do	R. H. Curry	Nassau

Mr. Ross at Melbourne was the well-known and popular *Doyen* of the Service. At the close of the year there was a movement looking to the appointment of Trade Commissioners in the United States upon somewhat the same basis as the U.S. Consuls in Canada. The latter—about 100 in number—through Consular invoice fees, collected $496,000 in the year or more than half what the whole service cost; Canada, at this time, was the only country of importance in the Americas which did not collect a fee on U.S. invoices. During the year Capt. E. J. Edwards was appointed Senior British Trade Commissioner in Canada with headquarters at Montreal, in place of G. T. Milne, O.B.E., who was sent to Cuba; there was already a British Trade Commissioner at Toronto (F. W. Field) for Ontario and at Winnipeg for the Prairie Provinces and British Columbia. In these months Canada made various attempts to promote trade with Great Britain and the $143,000,000 of increased imports from that country showed a successful side to the unpleasant drop of $186,000,000 in exports.

Originally Canada was an exporter of animals and agricultural products to the Mother Country and, in the main, this remained a fact until the War. In 1920 Canada was exporting to Great Britain a long and varied list of manufactured goods: Boots and shoes, cotton, woollen, and knitted clothing, gloves, rubber boots and shoes, rubber tires, glass bottles, brooms and brushes, organs and pianos, toys, ropes and twines, iron and steel products, wire rods and nails, iron tubing, tools and machine tools, enamelled ware, lamps and lanterns, washing machines, churns, chocolates and confectionery, sugar and syrup, motor-cars and parts, leather, paints and varnishes, agricultural machinery, newsprint and other paper, wood-pulp, acetic acid, calcium carbide, wood alcohol, etc.

The United Kingdom during this year made every effort to develop its own trade; the only serious drawback and, at times, a fatal influence, was the cost of labour and an unwillingness to work amongst artisans; the Canadian Association of British Manufacturers and His Majesty's Trade Commissioners in Canada worked hard to increase the trade with Canada. The British Department of Overseas Trade in which Sir Hamar Greenwood was for a time Minister, organized a Dominions Touring Exhibition with a view to bringing British industry into closer touch with British peoples abroad, and South Africa was visited first in 1920 with Australia and Canada booked for 1921 and a Parliamentary grant given for £100,000; in London, the British Industries Fair, during March, was intended for all nations and was another step in the new Trade campaign. F. W. Field stated on May 31 in Toronto that there were 1,200 United Kingdom firms represented in Ontario alone; Canada responded to this campaign with a Trade Exhibition in London (June 10-18) which showed something of Canadian industrial development; on June 23 representatives of the British drapers—a number of the chief Merchandizing firms of Great Britain—were in Ottawa on a tour of Canada and the United States and were joined at the Capital by a similar representation of the National Retail Dry Goods Association of the United States.

An interesting mission of the summer was that of Theo. Feilden, Editor-in-Chief of the *Empire Mail*, which represented a number of British industrial capitalists; Mr. Feilden visited the chief centres of Canada in the interests of his paper and of closer and better trade relations. He described himself also as representing the British Trade Propaganda organization with these objects: "To promote a constructive national Trade policy, to protect British industry against unfair legislation, to foster inter-Imperial production and to work for the ideal of a self-supporting Empire; to further mutual arrangements for trade between the British Empire and its allies; to prosecute a virile campaign and to meet foreign commercial competition; to counteract a recrudescence of the highly-organized and unscrupulous peaceful penetration of Germany; to encourage leagues of British firms established for mutual protection and to encourage a spirit of mutual trust between the representatives of Capital and Labour; to educate the working people to think Imperially and to emphasize the obligation of individuals to the State in the struggle to maintain supremacy in the markets of the world."

Captain Edwards, the British Trade Commissioner, visited Winnipeg, Regina, Saskatoon, Edmonton, Calgary, Vancouver and Victoria during October and November with a platform which he enunciated at Calgary on Nov. 4, as follows: "It is the purpose of this Service to promote and expand trade within the British Empire. Trade Imperially is the slogan which we have adopted. Wherever I have gone in Canada I have found the keenest desire evinced to trade within the Empire, and an anxiety on the part of business men everywhere to get in touch with manufacturers and producers in all parts of the United Kingdom and the British dominions." In London on Nov. 20 F. W. Field told the journal *Canada* that the United Kingdom should be vigorous in seeking a market in Canada: "There are good reasons why the cultivation of trade in that market should be undertaken at this time. Among them are: (1) substantial purchasing power; (2) increasing demand for goods; (3) preference (in many cases) for British-made merchandize; (4) strongy favourable sentiment; (5) desire to transfer purchase from foreign countries to the United Kingdom; (6) desire to develop inter-Empire trade."

Referring to the Canadian business, sometimes handled by British houses through New York, Rt. Hon. F. G. Kellaway, M.P., of the Overseas Trade Department, told the above journal on Dec. 9 that: "An Advisory Committee of business men of this country which met here recently fully recognized that it was an Imperial duty to conduct business with Canada through Canadian houses. Many firms began doing business with the United States and subsequently launched out into trade with Canada. At first they had not sufficient business to warrant the establishment of a Canadian agency; and so the dealing through a New York house started and became a habit. Where cases have been brought to our notice of British firms employing United States agents, we have made private representations to them, and suggested the names of Canadian agents; and in a number of cases the result of our representations has been that the firms have adopted Canadian agents, and in every case with benefit to themselves as well as to Imperial trade." To help in this connection,

W. C. Noxon suggested on Dec. 30 the formation of a Canadian Chamber of Commerce in London.

Various efforts were made during the year to promote trade with the lesser countries of the Empire. The British West Coast of Africa was brought into touch with Canada by a service inaugurated on June 15 by the Elder-Dempster Steamship Line which sailed from Montreal for Sierra Leone, Cape Coast Castle, Lagos and a number of other points. There was a demand there for enamelware, condensed milk and cheese, butter in tins, salmon, flour, axes, lanterns, nails, etc., and return cargoes could be made up of palm oil, cocoa, mahogany, peanuts, ginger, sisal hemp, copal gum, hides and skins. Railway rolling stock was also required at the Gold Coast and the British Government asked the Canadian Government to appoint a Trade Commissioner. Of course West Africa included more than the British Colonies; there were the French territories of Senegal, French Guinea, the Ivory Coast, Dahomey and the French Congo, the Rio de Oro, the Belgian Congo and the late German possessions of Togoland and the Cameroons, now divided between England and France; in the large British section there was a distinct trading preference for Canada as a British country. The total trade of all these regions—much of it once held by Germany—was put at £100,000,000.

Arrangements at the close of the year between the Canadian Merchant Marine and the British India Steam Navigation Co., promised to develop a trade with the great Empire of the East; some of the lines of demand were boots and shoes, condensed milk, canned fruits and vegetables, chemicals, cutlery and hardware, electrical apparatus, machinery, iron and steel manufactures, motor-cars, paper and stationery, provisions and soft woods, jams and preserves, cotton textiles—hosiery, shirts, and undershirts in particular; the total imports of India ran to £109,000,000 and were steadily increasing. Many parts of the Empire were discussing this question of trade during these months and the formation in Canada during 1919 of a branch of the British Manufacturers' Association gave an impetus to the movement. It was stated in September of the year under review that the Australian Producers' Association, the African and Eastern Trade Corporation, the Associated Producers of East Africa and Uganda, the New Zealand Loan and Merchantile Agency, and the South African Farmers' Co-operative Society, all contemplated opening branches in Canada or had definitely decided to do so. These institutions represented in the form of co-operative effort, or otherwise, thousands of producers in different parts of the Empire. Some had only recently been formed, others had long been in existence, but had dealt in Canadian products only through New York.

Trade relations with the United States were of a mixed character in 1920. The $287,000,000 of increased trade (mostly imports) meant disturbed exchange conditions and discounts on Canadian money as well as in trade; the disparity of tariffs between the two countries still continued to be considerable with the U.S. duties averaging one-third higher; the free imports into Canada from the United States were very great—in the fiscal year 1920 they totalled $301,778,944 compared with $499,853,905 of dutiable goods; there were no Canadian duties on wheat, wheat flour, semolina, binder twine, barbed wire, oranges, lemons, bananas, pineapples, fuel oil, anthracite coal, raw cotton, boards (sawn or split only) hides and skins, traction engines under $1,400, cottonseed oil, oil cake, printing presses, wood shingles, technical and scientific books, and fur skins not dressed, and on a wide range of iron and steel material. Much of Canada's imports from the United States at this period were non-essentials; of the 1919 total Lieut.-Col. J. A. Cooper in the Montreal *Financial Times*, Feb. 28, 1920, estimated that only $195,000,000 out of $734,000,000 could be classed as indispensable or essential; amongst those which constituted luxuries or which could have been made and bought in Canada or imported from Great Britain were automobiles, steel plates, leather, boots and shoes, bacon and hams, lard and pork, gasoline, tobacco leaf.

Various difficulties were put in the way of this Canadian trade in addition to the exchange of from 12 to 17 per cent. There was the refusal to accept Canadian money at all on many of the Railways and in many cities; the Regulations providing that on and after May 1st all freight shipments to any point in Canada must be prepaid at the point of shipment clear through to the point of destination in Canada—in United States currency and irrespective of the mileage on United States lines or the mileage on Canadian lines; the effort to carry the Fordney higher tariff Bill through Congress which, amongst many other things, would have killed the Canadian cattle trade; the legislation aimed at Canadian shipping in U.S. ports. Nothing, however, could stop the demand for American goods and products or check the current growth of trade. The agitation for Made-in-Canada purchases did have some effect; "Buy in Canada" was a slogan which the Canadian Reconstruction Association, Canadian politicians and various other influences pressed home. Trading through Canadian ports was also urged; out of Canada's $1,268,000,000 of export trade in 1919 only $152,111,515 were shipped to their desination by U.S. ports; in 1915 the proportion so shipped was 15 per cent. and in 1919, 12 per cent.

A feeling of resentment against American trade and financial policy showed itself from time to time despite the overwhelming desire of the people to live on the closest terms of friendship with the United States. The Resolution of the Halifax Army and Navy Veterans (Feb. 12) and their pledge, individually and as a unit, to purchase as little as possible of goods manufactured in the United States, or of food produced in the

United States, was not an isolated one. Nor was the Regina *Leader* editorial of Feb. 28 which declared it "imperative that the people of Canada, in their own interests, individually and nationally, should voluntarily reduce their importations from the United States on the one hand, and should largely increase their importations from Great Britain on the other hand." Many joined in the further declaration that "every Canadian who now buys from Britain, instead of from the United States, performs a patriotic service, not only to Canada, but to the Empire."

Immigration during 1920; Problems of Settlement; The Indians of Canada.

The estimated population of Canada in March, 1920, according to the Dominion Census Bureau, was 8,835,102; the need for immigrants and settlers was as great as the wide spaces, mineralized lands and rich soil of Canada were bountiful. The number of immigrants in the year of Mch. 31, 1920, was 117,336 and of these 59,603 came from Great Britain and 49,656 from the United States; from 1901 to 1920 the total number of new British settlers in Canada was 1,249,269—of which, it may be noted, only 77,181 were Irish. The total of American settlers arriving in Canada during that period was 1,318,469. The great bulk of these immigrants, according to official returns, did not go to the Western Provinces as was generally supposed—in the fiscal year 1920, for instance, 58,000 gave the Eastern Provinces as their destination and 46,000 the Prairie Provinces. In the 20 years under review 163,466 were booked for the Maritimes, 533,791 for Quebec, 913,334 for Ontario, 1,423,535 for the West, 381,497 for British Columbia and the Yukon. Of course, many intending settlers in the East would drift afterwards to the West as a still newer land of promise, but the figures, as collected, show the two sections of the Dominion not unevenly matched.

During these years the inspection of immigrants was increasingly careful and rules as to admission—medical and monetary—increasingly strict. In 1919-20 there were 662 rejected at ocean ports and 1,613 held for inspection; those rejected from the United States were 19,745,* and, since 1911, the yearly total had varied from 10,000 to 22,000. The rejections from abroad were small because of the care taken in respect to permits, etc., granted by the Canadian officials in London before sailing. Deportations after admission numbered 655 in 1919-20 and 13,959 since 1902-03; the total Homestead entries in 1919-20 were 6,732 and, according to occupations in this latter year, there were from Britain, the States and all countries, over 31,000 farmers or farm labourers, 7,400 general labourers, 14,000 mechanics, 3,700 clerks, etc., and 6,000 domestics.

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*Note—Of these, 11,147 were from Europe, etc., by indirect passage.

There were emigrants from Canada as well as immigrants into the country. Canadian statistics in this connection, however, are not compiled and resource has to be had to the United States Department of Immigration; as to this the Canadian Department claimed that the American basis of calculation was not correct and that investigation of specific immigration figures compiled by that Government had shown them to be inaccurate to the extent of 50 per cent. On account of the head tax charged by the United States upon immigrants entering into that country, the tendency was to class as immigrants many who were not really going to reside in the United States but were on a visit only. The Department of Immigration at Ottawa on one occasion secured from the Immigration Officials of the States, a list of the names of parties who were reported as having gone there in 1910; a large number of these cases were investigated, and out of a total of 849 reported as going to settle in that country, 415 had gone on a visit only or for merely temporary employment and, at the date of investigation had already returned to Canada. A similar enquiry was made as to persons reported as having gone to the United States in August, 1912, with similar results. With these considerations to be borne in mind, the following figures indicate the statistical condition as to migration between the two countries during the years 1910 and 1919:

From Canada to U.S.	Years	From U.S. to Canada	From Canada to U.S.	Years	From U.S. to Canada
56,555	1910	103,798	82,215	1915	59,779
56,830	1911	121,451	101,551	1916	36,937
55,990	1912	133,710	105,399	1917	61,389
73,802	1913	139,009	32,452	1918	71,314
86,139	1914	107,530	57,782	1919	40,715
329,316	5-year period	605,498	379,399	5-year period	270,134

While the War was going on the migration from Great Britain was very small and fell as low in 1918 as 3,178; it is interesting to note, in passing, that immigrants into the United States during its fiscal year 1920 numbered 430,000 and that 54 per cent. of the number sought the great industrial States. During the War years, it may be added, there was a drop in the United States emigrants to Canada because of the great prosperity of 1915-17 and the war period of 1918. By 1920 things were becoming more normal and the attractions of farm lands in Saskatchewan, Manitoba and Alberta—which still were cheaper at $50 to $60 an acre than similar lands in the Western States—Western oil fields, exploration and development, Peace River resources and riches, The Pas district, in Northern Manitoba, all proved in this year to have a certain magnetic force. The actual value in money of immigrants was considerable; as a rule figures relating to those from Britain were not made public but the Americans were a fairly recognizable element with, in 1919-20, cash and effects valued at $18,200,000; it was authoritatively estimated that these American settlers in the past 20 years had brought $270,000,000 into Canada for lands and investment.

The policy of the Government toward immigration in 1920 was somewhat mixed; it welcomed and strove to obtain agricultural immigrants and domestic servants; it deprecated the migration of mechanics and was stiff in its attitude regarding the possession of some money, of reasonable health, or of assured position, for certain classes of workers. During this fiscal year W. W. Cory, C.M.G., was Acting Deputy-Minister of Immigration and Colonization and reported as to Immigration in general; W. D. Scott was the Chief Controller of Chinese Immigration with a head-tax of $538,479 collected during the year; W. R. Little was Commissioner of Immigration, Eastern Division, T. Gilley, Western Division and A. L. Jolliffe, Pacific Division; the Canadian Exhibition Commissioner was A. W. Tolmie, the Director of Publicity was R. J. C. Stead, the Superintendent of Emigration in London, for Canada, was Lieut.-Col. J. Obed Smith, the Chief Inspector for Immigrant Children was G. Bogue Smart who received applications running from 10,000 to 30,000 every year.

The Department's policy was guided by Hon. J. A. Calder, Minister in charge, and it was directed to obtaining quality rather than quantity and the best material for Canadian citizenship rather than a mass of settlers. Colonel Obed Smith had the considerable task of adjusting that policy to the demands and needs of the situation in England. On Jan. 10 he announced that "all immigrants of mechanic, artisan or labouring classes, whether skilled or unskilled, arriving in Canada between the 15th inst. and the 31 Mch. next, must possess $250 landing money and, if married (in addition) his wife must have $125 landing money and each child between 5 and 18 years, $50 landing money." This was designed to check a large emigration which might have reached Canada during a period of temporary unemployment. The Department then undertook the difficult task of guiding and controlling the immigration of mechanics to Canada at a time when the manufacturers badly needed more workers and the workmen were afraid that this would mean lower wages.

The Hon. Mr. Calder was in England during August and September upon an official visit and made a personal investigation of Emigration conditions at Peterborough, Birmingham, Bristol, York, Carlisle, Glasgow, Edinburgh and Aberdeen. The Minister had a conference, also, of all the Departmental officials in the United Kingdom. To the press on Sept. 25 he said: "Let me make it abundantly clear that Canada welcomes British settlers, and that any restrictions which appear to be placed in their way are designed for their protection. It would be manifestly unfair to the settler himself to encourage him to go to Canada unless he is assured of employment there at good wages.

Such employment is assured to women household workers and to farm labourers. Up to the present our efforts have been directed largely to re-establishing our own ex-Service men, and to taking proper care of a quite considerable movement of ex-Service men and women from the United Kingdom. We want them just as fast as we can take care of them."

The annual report of Mr. Cory, Deputy Minister, stated that: "The Department put into effect the condition which provided that skilled workers would not be permitted to arrive in Canada until after investigation and approval by the Department at Ottawa as to (1) wages and factory conditions; (2) housing and social conditions; and (3) that such workers could not be obtained elsewhere in Canada." In respect to women employees the regulations were equally explicit: "The Department knows that industrial workers are being sought here by Canadian industrial concerns, but all such Canadian factories must seek the consent of the Department at Ottawa before the intended workers can be landed in the Dominion." For household workers Government Conductresses were provided on specific steamers and a landing-card, given in London after careful enquiry, guaranteed a position at current wages.

The Superintendent in London was empowered, under the free passage grants of the Imperial Government to ex-Service men and women, to accept as immigrants for Canada (1) Imperial ex-Service men and their families; (2) widows and children of deceased Imperial Service men; (3) women war workers, and (4) orphan children of Imperial ex-Service men and women. Up to Mch. 31, 1920, 7,900 applications had been received, 1,113 rejected and 1,485 accepted; that there were not more in this rather disappointing total was probably due to the minimum £200 capital requirement added by the Selection Committee of the Canadian Soldier Settlement Board (W. E. Scott of Victoria, B.C., and Russell Wilson, of Saskatchewan) which was appointed in this connection; there were in June 240,000 of these men out of employment in England. Under its plan the Canadian Government offered to Imperial ex-soldier desirous of settling on the land many of the privileges available to his Canadian compatriot. These included special purchasing arrangements, the best value obtainable in livestock, implements, building material and other necessary equipment, minimum rates, guidance and advice in farm and household management and, last but not least, financial assistance in the shape of loans.

The prospective settler, on his part, had to make a deposit, before sailing, of £200 and to have physical fitness and good moral character; he had, also, to pay 20 per cent. cash in the case of (a) purchased land, and (b) livestock, equipment, buildings, etc. During May it was announced in London that the Ontario Government had decided to assist by way of loan, approved, experienced, farm labourers and domestic workers and to pay passages to Toronto in cases where assistance was actually required and the persons concerned were not receiving financial assistance from any other Public Fund. The maximum amount of assistance granted was to be £8 and this sum was repayable out of wages earned in the ensuing three months. As to the West, it was pointed out at this time that there was an area of at least 225,000,000 acres of good agricultural land with not more than 35,000,000 occupied and cultivated; of the remaining 190,000,000 acres of unoccupied land, 30,000,000 acres lay within 15 miles of constructed railway lines.

The restrictions upon immigration were not popular in all quarters in Canada. Commissioner Lamb of the Canadian Salvation Army objected to standardization of emigrants and in an interview on his return from England (Toronto *Star*, Feb. 13) he pointed out that service in the War was a good test of fitness and added: "I find that there has been a tendency on the part of Canadian authorities in London to discourage these men from going to Canada. When some of them applied for passages under the British Government scheme for discharged ex-Service men and the British officials referred them to the Canadian Emigration Office for approval, the latter turned them down. Nevertheless, by paying their own fares they were able to reach Canada, $100 or so out of pocket." Manufacturers wanted more men and would have brought many more out if they had been permitted; a year later they could not give employment to all who needed it though, perhaps, this condition would have been remedied by more willingness on the part of the men to accept wages adjusted to changed conditions. Despite restrictions, however, immigrants came increasingly; 13,287 in April, 1920, compared with 11,208 in April, 1919, 19,611 in May as against 10,197 and 16,344 in June compared with 7,813—an increase of 68 per cent. in the three months.

As the months passed the desire to emigrate to Canada seemed to grow in volume; the British Overseas Settlement Committee reported in October 50,000 ex-service men and women who wanted to go and an almost equal number who desired to go to Australia, South Africa and New Zealand. At this stage Canada did not demand passports from British subjects but all other nationalities from Europe had to have them except those from Germany, Austria-Hungary, Bulgaria and Turkey, who were not allowed in at all. Others could be turned back at any port, or the United States frontier, for mental or physical unfitness and inability to comply with money regulations, for lack of passport documents and failure to come to Canada from their own country by continuous journey; for liability to become public charges owing to labour conditions in Canada. With the United States there was a reciprocal arrangement under which all citizens resident in the Dominion could apply at the U.S. Immigration Offices for admission to the States and obtain a final decision before taking the final steps.

In the autumn of 1920 there was some unemployment in Canada—enough to be the subject of discussion but not more serious than at other periods during the past few years. But the Government thought it well on Nov. 30 to pass an Order-in-Council restricting immigration and raising the money test of immigrants of the mechanic, artisan and labour classes from $50 to $250. Toward the end of the year the Imperial authorities made additional representations to the Dominions, directly or indirectly, as to the promotion of emigration from the crowded, often workless homes and increasing population of the Old Country to the wider spaces of the Empire; they were willing to accept any specific regulations, to leave selection in the hands of the Dominions' officials, and to act in most sympathetic co-operation in the matter of expense, in the advance of capital or in provision of shipping accommodation; Mr. Lloyd George made a speech late in December along the line of co-operative promotion of selected emigration. But Canada seemed to fear the Labour problem and unemployment—though some of the other Dominions were more responsive—the New Zealand Government, for instance, provided free transportation and a bonus of £2 for each woman immigrant.

In the matter of women, however, there was some Canadian official aid. The Ontario and Manitoba Provincial Governments during this year promised to pay part of the transportation; many of the Provinces undertook to support hostelries at which immigrant women and girls seeking domestic service were taken, cared for during a short period, or boarded at moderate prices; the Department of Immigration made elaborate arrangements for the care of these persons in transportation and on landing while the English side of the work was watched by not only Canadian officials there, but by the well-known British Women's Emigration Association, in which the Hon. Mrs Joyce, C.B.E., and Miss Grace Lefroy, C.B.E., were moving spirits; the Canadian Council of Immigration of Women was formed in February, under the auspices of the Government to help in this work, and in October, at the first annual meeting Mrs. William Dennis, Halifax, was elected President, Mrs. H. D. Warren, Toronto, and Mrs. John MacNaughtan of Saskatoon Vice-Presidents.

There were, during the year, many discussions as to alien immigrants and the accumulation of the raw material of citizenship; the point of view affected both women and men and there was a widespread tendency to deprecate immigration of persons who, as Prof. T. R. Robinson put it in Toronto, on Jan. 6, "should be hewers of wood and drawers of water" in work which Canadians did not care to do; who was to do such work did not appear! His view was quite a popular one at this time: "It is evident that the sources and the volume of immigration must be limited by the possibilities of Canadianizing the newcomers. To admit immigrants faster than they can be Canadianized or to admit in any considerable numbers those who are not likely ever to become Canadianized would be sowing the seeds of future trouble, creating social and political problems, that may never be solved."

An illustration of how this ideal could be worked out in an alien population and with unpromising material, was apparent in the formation at Saskatoon, Sask. (Feb. 9) of an association under the name of the Ukrainian People's Council of Canada with the object of organizing the people of Ukrainian birth and descent so as to develop a Canadian spirit and Canadian ideals, and to instruct them in the principles of representative government as embodied in the laws of Canada. On the other hand, it was claimed that less than 40 per cent. of the aliens in Canada ever became naturalized though it was equally obvious that a very large majority of their children would go into the melting pot of nationality. The difficulty was everywhere and Dr. J. T. M. Anderson, Director of Foreign Education in Saskatchewan, pointed out in Toronto on Feb. 11: "In the northern part of Ontario there is need of extensive work being carried on; Ontario has 25,000 foreigners to contend with, as compared with 14,000 in Manitoba." There was a still larger number in Saskatchewan and Alberta. Of the Mennonite groups in the West the speaker said that the name covered a sect, not a nationality, and that the Sect had many gradations and divisions—some good, some hurtful.

A debate took place in the House of Commons on Mch. 29, following the motion of Dr. Michael Steele of South Perth declaring it essential for the future national welfare of Canada that "appropriate measures be taken by the Government to fit and prepare all immigrants of alien origin for assuming the duties and responsibilities of Canadian citizenship." He noted that in the ten years 1906-15 over 800,000 immigrants had come from the continent of Europe with no knowledge of Canada in language, customs, or modes of life: "Many of them had lived under conditions which would be absolutely repugnant to Canadian people, and many of them brought to this country and adopted here the very same conditions under which they had been living in the lands they had left. So far as citizenship is concerned we have treated these people with utter neglect." Much had been said of the foreign element in the United States, yet, he pointed out: "The largest number of immigrants who arrived in the United States in any one year was 1,285,349 in 1907. That meant an addition of about 150 immigrants to each

10,000 of the resident population of the United States. Canada's largest immigration was in the year 1913, when 402,432 people came to this country, representing an addition of 500 immigrants to each 10,000 of our population."

He estimated that in 1918 there were 361,070 alien-born males in Canada who had not been naturalized; adding the American and foreign immigrants of 1909-1919 together there were 2,121,832 of non-British settlers during that period. He touched another point in the statement that in the three Western Provinces, out of a population of 1,240,374 of ten years of age and over, 92,732 or 7½ per cent. were reported as illiterates, the foreign-born furnishing 62,559 or 67½ per cent. of these. Toronto was described as having one-fifth of its population foreign-born and Montreal over 100,000 of its population in the same category. There were three things which must be done: (1) Teach the alien to read and write English; (2) naturalize him; (3) prepare him for the franchise. An interesting and important discussion followed and Hon. Mr. Meighen, then Minister of the Interior, declared that the task of Canadianizing the foreign-born was fundamentally and solely a question of education—and Education was in the hands of the Provinces: "If the Dominion moves along the lines suggested it means Federal assistance to the Provinces in discharge of distinctly Provincial obligations. To take that course would be by no means unprecedented; in fact, it would be following a procedure that in my judgment has been too often followed in this Dominion." Under existing conditions it would be better to leave the Provinces responsible rather than to tax the people for really Provincial objects and hand over the money thus raised for Provincial use. The motion was accepted without division.

A curious element in this problem during 1920 was the emigration of many aliens and foreigners out of Canada; as soon as shipping was available in 1919 they had commenced to stream toward Europe. They had made much money and for many of the war-years had hewn down Canadian trees, built Canadian railways, worked in munition and other industrial plants; now, with what seemed fortunes, they were seeking their old homes in war-tossed Europe. The Toronto *Telegram* (Apr. 1) estimated that between December, 1919, and date, 150,000 had left Ontario carrying away $30,000,000 of Canadian money; during the United States fiscal year 1920 it was known that 256,433 alien persons left that country for Europe. A point often brought up against alien immigrants, and with too sweeping an application, was the statement illustrated by a speech of Prof. C. F. Martin, M.D., of McGill, at Victoria, (June 28) in which he stated that "72 per cent. of our insane are foreigners, and 78 per cent. of the people in our gaols are of alien birth. You will appreciate what it costs to bear this burden when I tell you that to maintain 1,600 mental defectives a year costs $600,000 and that among 100 prisoners there are 18 recurrences." The number of insane in Canada was small and if the institutions and goals were justly indicative of conditions the proportion as developed out of 800,000 alien immigrants in a decade was not alarming.

Immigration incidents of the year included the discussion of immigration, into Canada, at the National American Immigration Conference held at New York on Apr. 7 and the statement of General Coleman Dupont that the United States was 4,000,000 men short as a result of the dwindling of immigration since the War, that thousands of immigrants were going back, and other thousands emigrating to Canada, Australia, and South America; the complaint of Abbé Philippe Casgrain of the Quebec Association for Protection of Immigrants (*Canadian Gazette*, Aug. 5) that "all emigrants going to Canada must pass a medical and civil examination in England before being allowed to embark for Canada, but it is not generally known that they must undergo a further and apparently more searching examination when they reach Canada." This second examination, it was stated, often resulted in rejection: "The rejected emigrants are immediately interned and kept under lock and key until they are deported. Sometimes whole families are thus deported. . . . They realize that they have wasted their life's savings and sold all they possessed to defray the cost of their expensive and disastrous journey, and that they are returning home penniless." Some hardships were inevitable but the cautious comment of the above journal was that it would be best to honour at Quebec or Halifax the signature of the Canadian Superintendent of Emigration in London.

In the immigration of children, the Barnardo Homes continued to be influential. The policy of the organization was to bring children out to the Dominion as young as was practicable and to board out those of a tender age, the institution paying for these children while their education was furthered in Canadian schools from carefully selected homes. The boys and girls thus grew up with Canadian ideals and outlooks, and became moulded into integral, valuable members of the community. Prior to the War, the Barnardo organization was paying people in Ontario who undertook this "boarding-out" work, about $100,000 per year. This expenditure was apart from the additional large outlays in Canada on the necessities of life for the children together with outfits, travelling, medical, visitation and other expenses. Inspectors, who were specialists in their line, paid 13,215 visits to the scattered members of the institution in 1919-20, journeying 101,542 miles in the twelvemonth. In the War, 6,211 Barnardo boys enlisted, hundreds were killed, hundreds won decorations, many attained commissions. The first

Barnardo party to reach Canada after the War arrived on Mch. 31, 1920 and, notwithstanding that these children had passed through numerous medical and other examinations at London, they were met at St. John by an array of medical experts, headed by Dr. C. K. Clarke, of Toronto, who put each boy and girl through a thorough test—followed by congratulations on the high-grade type of the children.

The Mennonites of the West caused much trouble during the year by opposing Provincial school regulations in Manitoba and Saskatchewan. As a people or, rather, Sect, they had many divisions; some moderate and law-abiding and others, in differing degree, followed curious customs and inherited beliefs rather than law. There were about 8,000 of the latter type in Manitoba and Saskatchewan and they tried to make arrangements to migrate to Mississippi in the United States, to Brazil and to Quebec where they thought more religious liberty might be found. Difficulties, however, developed at every point and though they even offered to leave their cultivated farms and go into the wilds of Northern Manitoba and the shores of Hudson's Bay, the Manitoba Government would not permit. The question was important because the Mennonites were amongst the most thrifty settlers in the West; their settlements were prosperous and farms well cultivated and productive. After much and varied controversy there was a general tendency to compromise by the close of the year, and to avoid the disasters of another migration, by accepting reasonable school ordinances.

Associated with problems of population, though not with questions of migration, were the Indians of Canada. Duncan C. Scott, Deputy Superintendent-General of Indian Affairs, in his 1919-20 Report to Sir James Lougheed, as Minister in charge, made a statement well borne out by facts and figures: "The Indian population of Canada is fairly stable at about 100,000. Among the less civilized groups the high birth rate balances the high death rate, but in the civilized tribes, who have met and withstood the first shock of contact with civilization, there is an appreciable gain, not only in numbers but in physical standards. These latter people have long ago proved their worth, and only need to develop and mature under protection until they, one and all, reach their destined goal, full British citizenship." W. M. Graham was, at this time, Indian Commissioner for the Western Provinces with charge of the Government Production Farms on Indian Reserves; on their farms Indians harvested in the 1919 season 378,000 bushels of grain and in the Indian Reserves of the three Provinces 1,400,000 were raised.

Taking Canada as a whole, the Indians numbered 100,706 and in the fiscal year 1919-20 had 218,024 acres under crop and had raised farm products valued at $3,462,147; in the Indian

Soldier Settlement 160 loans had been granted and the total to all Indians in Canada of the soldier class was, approximately, $1,000,000; the Indian schools numbered 321 with a total enrollment of 12,196 pupils and an expenditure, under appropriation, of $1,057,622; the real and personal property held by Indians in 1920 was valued at $67,915,077 or $2,600,000 more than in 1918 with $51,535,245 of the total as the value of land in Reserves; the year's income of the 100,000 Indians was $10,788,841 or $3,400,000 more than in 1917 and the average per capita was $107.13. During the year (Mch. 24) a Delegation from the Allied Indian Tribes of British Columbia waited upon the Dominion Government and claimed that the laws of that Province deprived the Indians of a large portion of the land rights granted to them by Imperial proclamation of 1763, and that the Provincial Government had exceeded its powers in dealing with Indian reserves.

Undue restrictions had been placed, it was claimed, on the Indian rights in trapping, hunting and fishing, and the proposed compulsory enfranchisement of Indians, as set out in a Bill now before Parliament was said by the Indians to be "not only a serious attack against the position of all tribes in Canada, but a most vital attack upon the Indians of British Columbia for the purpose of breaking up the tribes, destroying their status and preventing them obtaining recognition of the tribal rights guaranteed them by the Imperial authorities." The Delegation was met by one from the Council of the Six Nations of Ontario and a prolonged conference held regarding Indian franchise, the British Columbia question and the claim of the Six Nations to self-government in their own internal affairs.

On Mch. 30 a Delegation of Oka Indians or Iroquois from Lower Canada told the Government that they did not wish to send their children to boarding or industrial schools and were decidedly opposed to the Bill providing for their conditional enfranchisement A little later, Apr. 7, W. D. Lighthall, K.C., a well-known Montreal champion of Indian interests, told a Parliamentary Committee that the Indians composing the Six Nations at Brantford, the Mohawks of Tayendinagea, the Mohawks of St. Regis, the Caughnawagas near Montreal, and the Iroquois of Oka, were "allies of the British Empire" and entitled to the status of a British protectorate rather than to be treated as British subjects *in toto*. Mr. Scott, Deputy Minister, claimed that the Indians had long since become British subjects. In the end, however, the legislation passed after receiving a favourable Report from the above Committee. It may be added that more than 4,000 Indians enlisted in the Canadian war forces or 35 per cent. of the Indian male population of military age.

Mines and Minerals of Canada: Production and Conditions in 1920.

This year was one of great opportunities for Canada and in none were they greater than in the development of its mineral wealth. The demand for silver and gold to back up the world's indebtedness and help the development of nations, the need for iron and coal and other minerals for purposes of industrial production, were enormous. Without using the rather meaningless words so often applied to Canadian resources in this respect—the illimitable, boundless, wealth of its mineralized areas—it is sufficient to say that its riches were great but not as much so as those of the United States once had been; that in coal and iron it was limited —in the former case by the absence of anthracite, so far as known and except in small measure, and in the latter by various practical considerations associated with scientific progress in utilization or in economic production.

In a general way Nova Scotia had bituminous coal, gold, iron ore and gypsum; New Brunswick had coal, iron and gypsum, natural gas, petroleum, oil shales and limestone; Quebec had alluvial gold deposits in Beauce County, copper pyrites, asbestos, and chromite deposits, bog-iron ores, marble and granite quarries, titanium ores north of Montreal, magnesite, graphite, phosphate, feldspar, mica, iron ore, and molybdenite, with lead at Calumet Island and near Lake Temiskaming; Ontario had the nickel-copper deposits of the Sudbury districts, the silver-cobalt-nickel arsenides of the Cobalt and surrounding areas, the goldfields of eastern Ontario and of Porcupine and other widely-scattered areas, the iron ores of Hastings and Frontenac Counties and those north and west of Lake Superior, important deposits of corundum, feldspar, fluorspar, graphite, mica, phosphate, pyrites, talc, lead, etc,, in the eastern part of the Province, and in the southern section deposits of petroleum, natural gas, gypsum and salt; Manitoba had abundance of gypsum, evidences of gold in the south-east and copper and silver and gold in the north while its lignite coal-field in the south was part of the great coal area which ran through Saskatchewan and Alberta and merged into bituminous and semi-anthracite as the Rocky Mountains were reached.

Alberta, also, had natural gas, oil, alluvial gold in small quantities with the raw materials of brick, tile and cement; northern Alberta and the Peace River district of British Columbia had enormous areas of tar-sands and great oil possibilities; British Columbia possessed gold and coal, silver, copper, lead, zinc, clays, building stone and gypsum, molybdenum and mercury; the Yukon still had placer gold, important coal fields, copper, silver, lead and antimony; the North West Territories running up to the northern fringe of Canada, possessed coal occurrences in the Mackenzie Basin and native copper in the

Coppermine district, with alluvial gold in many of the rivers, the known occurrence of iron-ores, mice, graphite, salt and gypsum with varied oil possibilities.

Speaking in Toronto on Jan. 10, Dr. W. G. Miller, the noted geologist, declared that in nickel, copper and asbestos the British Empire controlled the world's supply and added: "Other Sudburys, Cobalts and Porcupines await the prospector and miner in the country surrounding Hudson Bay and extending to the Arctic Coasts. Great regions of promise for the miner lie tributary to the Pacific and on the Eastern coast vast mineral resources are yet to be utilized." B. F. Haanel of the Mines Department, Ottawa, stated at the close of the year that there was in Canada an area estimated at 37,000 square miles covered by peat, that a large portion of this was suitable for the manufacture of peat-fuel and that of this area, 12,000 square miles were situated in the more inhabited portions of the Dominion; if it were assumed that this area was all suitable for the manufacture of fuel and had an average depth of 6 feet, there would, he estimated, be sufficient peat to manufacture 9,000,000,000 tons of 25 per cent. moisture peat-fuel. He believed that the heat energy lying dormant in the peat areas of the country might, in a short time, become a very important factor in maintaining the nation.

During the year there were various discoveries, or alleged indications, of special mineral values. In the southern part of Alberta, between Dirt Hills and the boundary, a valuable deposit of white fire-brick clay was stated, in the Regina *Leader* of Jan. 10, to have been discovered; on Jan. 30 a rich mine of white mica was found in the Taché township of Saguenay district; at Wilberforce in Haliburton County, Ont., a big deposit of sulphide molybdenite ore, from which comes Molybdenum, an invaluable alloy of steel worth from $35 to $40 a pound, and more effective than nickel, chromium, tungsten, or vanadium, was verified in 1920. Lieut.-Col. Grant Morden, M.P., in his address at Ottawa on April 14 declared that: "On the Atlantic seaboard of Canada lies the greatest deposit of ore and coal known of in the world to-day; there are over 5,000 million tons of iron ore, 15 per cent. of the total estimated iron ore in the world, lying there; (Belle Island near Newfoundland) and side by side with it, is over 6,500 million tons of coal, all lying at tide-water with some of the finest harbours in the world." Upon this fact, and because coal and iron are the essentials of steel production, he had been able to organize the British Empire Steel merger.

Iron ore up to this time had not been reckoned one of the greater resources of Canada and 96 per cent. of the ore used in Canadian blast furnaces had been imported; it was now said to be proven that Canada possessed immense deposits of low-grade ore and, especially, in Northern and North-western Ontario with its Districts of Sudbury, Thunder Bay, Algoma and Rainy River rich in iron ore and 100,000,000 tons proven by diamond drilling at the Moose Mountain mines in Sudbury. George E. Kidd, K.C., a close student of the subject, at this time submitted an elaborate Memorandum on Canadian iron ore development to Sir Robert Borden, Prime Minister. He stated that since 1830, it had been shown by the geological work of the Government that extensive iron beds or deposits existed in the Provinces of Quebec, Ontario, New Brunswick, British Columbia, and Northern Canada, near Hudson Straits. He pointed out that in the older Provinces these deposits were now accessible by rail or water and that only such a stimulus to production was now required as some slight national aid to the actual miner or producer; that the manufacture of iron ore should, in fact, be a national business or enterprise and that bounties were the best method of support; that to farmers with their machinery and tools and to railways, with their rails, cars and locomotives, the industry was a basic one.

Mr. Kidd pointed out that Sir William Logan, Dr. Sterry Hunt, Elkanah Billings, and Dr. Ellis had stated in official reports that the Gatineau Range and Pontiac, alone, contained about 250,000,000 tons of iron ore; that at first these ores were sought after by smelters but when the U. S. Government imposed a tariff of 85 cents per ton against Canadian ore and placed other restrictions upon the shipping of Canadian ore to the United States in order to develop and operate their own iron ore properties, the production ceased; that then the Canadian Government, during 18 years, had paid a bounty totalling $15,000,000 to Canadian smelters for smelting United States ores. The Ottawa *Journal* approved Mr. Kidd's argument and on Mch. 26 urged that:

> A bounty of 75 cents a ton, on Canadian production, it is estimated, would offset both American ore advantage and American capital advantage. It would enable profitable development of Canadian iron mines. And, if the whole importation of American ore were to be shut off—if the whole 2,000,000 tons of ore at present used by Canadian blast furnaces were to come from Canadian mines instead of from foreign mines—the total cost in bounty to Canada could only be 1½ millions per year, for a limited period. In return not only would Canadian iron mines develop, but their development would promote further iron and steel works in Canada. What this would mean is illustrated by the fact that last year our imports of manufactures of iron and steel from the United States came to the tremendous sum of $186,000,000—or much more than one-half of the entire excess of American imports to Canada over our exports.

From Burwash and Onaping in Northern Ontario were reported, during the year,* large iron-ore bodies and from Shagatoska Lake 20,000,000 tons of sulphur ore averaging 55% iron, and

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Note—Toronto Mail and Empire Editorial: Nov. 27, 1920

16% sulphur; from Little Long Lake to the east shore of Nipigon, three promising areas showed jaspilite ores averaging from 35 to 45% iron; at Loon Lake, east of Port Arthur, one property had 4,000,000 tons proved by drill and assaying 50 to 55% of Bessemer grade with the field as a whole promising 25,000,000 tons; the Kaministiquia, Conmee Township, and Mattawan ranges, west of Fort William, showed immense outcrops of banded jaspilite averaging 35% iron and coarse crushing and jigs had produced a 50% concentrate; on the Atikokan range, east of Sabawe Lake, the Atikokan mine proved 10,000,000 tons averaging 55% iron and 2% sulphur; west of Sabawe Lake, about 15,000,000 tons of high sulphur ore were proven, with 55% iron and 13% sulphur.

In a Vancouver address reproduced in the Calgary *Herald* of April 21, Nicol Thompson of Vancouver, a mining expert, stated that "the British Empire possesses one-quarter of the world's coal, 70 per cent. of which is in Canada, and British Columbia is credited with an actual and possible reserve of 72,074,904,000 tons; 13 per cent. of the world's coal is in the Provinces of Alberta and British Columbia while Vancouver Island, alone, is credited with a probable coal reserve of 7,000,000,000 tons of the highest grade of bituminous coal, the Crow's Nest with a probable 4,000,000,000 tons, and the Nicola Valley, Coalmont and Princeton coal fields with 23,000,000,000 tons." Near Kearney, in Proudfoot and Butt Townships, and the region of Algonquin Park, Ontario, discoveries were announced in May of important radium resources and valuable collateral minerals —an area including vanadium, molybdenum, potash, feldspar, muscovite, mica, etc.

Sodium sulphate discoveries were reported in June from Weyburn, Sask.; on July 23 an immense slab of silver, running 7,000 ounces to the ton, was shipped from Gowganda to the Royal Ontario Museum, Toronto, and other reports from that region of the North indicated 17,000,000 ounces of silver in sight. On Aug. 10 the annual meeting of the Kirkland Lake Gold Mining Co., Ltd., Toronto, was advised of its latest Northern Ontario discovery—a rich body of gold ore with drifts in sight worth $200 to $300 a ton; from 180 miles north-east of Calgary a lake of dense salt was reported with enormous untapped resources; the great Hollinger gold mines of the Porcupine region had produced up to 1920, 4,000,000 tons of gold ore valued at $37,000,000 and had ore reserves of 4,388,940 tons valued at $39,894,770 while other untouched veins, it was estimated, would yield an even greater product. P. A. O'Farrell, a well-known Western writer, had an eloquent statement in the Calgary *Herald* of Aug. 6 as to the mineral resources of the Rockies:

> There is more and better coal in Southern Alberta and the Kootenay and Similkameen than in the whole of Europe including England and

Russia. There is more iron ore in Southern British Columbia, including the Island of Vancouver, than in all Europe and more sulphur and phosphate rocks than the world will need in a thousand years. The Fluorspar deposits which Canadian Pacific interests own in the Kettle Valley are the best on the continent as far as known. Platinum and palladium are found in mines in the Kettle Valley and in places in the Tulameen. In the river sands of every tributary stream of the Columbia gold is found. In the Kootenay, the Kettle Valley, the Similkameen, and on the Island of Vancouver there are copper mines which can supply all the copper which the British Empire may need for centuries to come. Beneath five or six or seven square miles of land on the Eastern slopes of the Selkirks at Kimberley a blanket of mineral lies embedded between two layers of quartzite at an angle of 22 degrees from the horizontal. This blanket consists of zinc, iron, lead and sulphur chemically and mechanically combined.

Meanwhile, the mineral production of Canada had been steadily increasing. In 1886 it was $10,221,255 or $2.23 in value per capita; in 1890 it was $16,763,353 or $3.50 per capita and in 1900, $64,420,877 or $12.04 per head; in 1910 the total product was $106,823,623 or $14.93 per capita and in 1919, $176,686,390 or $19.05 per head. The calendar year 1920 was the greatest on record with a total product of $217,775,080 or $27.00 per head of the population. The year showed a quick recovery in the production of copper, nickel, and zinc amongst the metals and in that of coal and many other non-metallic products. Gold production continued to increase as in 1919, though the increment was small, and Canada stood as perhaps the only gold-producing country which had not shown a serious falling off in the production of this metal. In zinc, asbestos and coal the highest pinnacle of production was reached though such products as graphite, magnesite and pyrites were not in strong demand. Their production, however, as well as chromite, gypsum, fluorspar, mica and salt were not only well maintained but materially increased while that of feldspar was more than doubled.

The leap to higher output levels was, however, too rapid and market conditions at the close of the year indicated excessive stocks with a crash in metal prices during October-December which created an unpleasant financial situation. The fall in silver prices was a marked incident of the year though not so conspicuous as the rise had been from an average of 49 cents per pound in 1915 to 65 cents in 1916, 81 cents in 1917, 96 cents in 1918 and 111 cents in 1919; it ran as high as $1.35 in January, 1920, and then declined gradually to 80 cents in June and 60 cents in December with an average price of about $1.00. The silver shortage of the year was attributed, in part, to the hoarding instincts of the native East Indian, the acceptance of the rupee in Mesopotamia and in Egypt and other African countries, as legal currency, the turn of Germany to silver coinage, and the general increase in its use throughout continental Europe. The total mineral production of Canada in 1920 was as follows:

Metallic Minerals	
Cobalt, metallic, &c.	$ 1,484,800
Copper	14,166,479
Gold	15,853,478
Iron, pig, from Canadian ore	2,066,997
Lead	3,038,346
Nickel	24,454,597
Silver	12,908,683
Zinc	3,081,149
Sundries	181,841
Total	$77,236,370

Non-Metallic Minerals	
Asbestos	$ 13,677,841
Coal	77,326,853
Gypsum	1,876,595
Natural Gas	4,225,887
Petroleum (crude)	821,545
Pyrites	751,009
Salt	1,547,879
Sundries	2,126,253
Total	$102,353,862

Structural Materials and Clay Products	
Cement, Portland	$ 14,798,070
Clay Products	10,533,271
Lime	3,748,463
Sand-lime Brick	718,735
Sand and Gravel	3,208,660
Stone	5,163,449
Sundries	14,200
Total Structural Materials and Clay Products	38,184,848
All other Non-Metallic	102,353,862
Total value Metallic	77,236,370
Grand Total	$217,775,080

Of the minerals included under sundries in the above table, platinum stood for a small amount, as did arsenic, barytes, chromite, feldspar, fluorspar, graphite, grindstones, magnesite, magnesium sulphate, mica, mineral water, oxides, peat and sodium sulphate—for values under $100,000 in each case. The export of copper and manufactured products in 1920 was $14,654,640 and the imports $3,599,297; the exports of gold were $4,642,900 and of silver $12,238,209 and the imports of silver $2,768,319; the exports of lead were $387,685 and the imports $2,987,467; the exports of nickel were $11,988,857 and of iron ore to the United States only $99,179 while the imports of the latter were $5,812,-912—of the iron ore charged to blast furnaces in the year, 149,515 tons were of domestic origin with 621,370 tons imported from Newfoundland and 1,348,000 tons from the United States; the exports of pig-iron were $3,628,657 and of ferro-alloys $1,297,720 and the imports, respectively, were $2,383,442 and $1,324,061.

Mining incidents included the fact that in 1919 and also in 1920 Canada was the only gold-producing country which showed an increase and that in the former year the British Empire produced $241,556,689 worth of gold and in 1920 $248,300,124 while the rest of the world, including the United States, produced (1920) $125,193,500; the 22nd annual meeting in Toronto, on Mch. 8-10, of the Canadian Mining Institute, with D. H. McDougall of Sydney in the chair and the election of O. E. S. Whiteside of Coleman, Alberta, as President; the annual meeting at Winnipeg on Oct. 24-27 of the Canadian Institute of Mining and Metallurgy with O. E. S. Whiteside in the chair. In the former meeting Mr. McDougall delivered a notable address reviewing Canadian resources and warning the country against an inflated or exaggerated impression in that respect; at the latter one

Prof. R. C. Wallace stated that The Pas mineral belt of the North would develop an important industry and that the Flin Flon copper mines warranted the construction of an 85-mile railway from The Pas.

The latter Convention also passed a Resolution urging the Dominion Government in the interest of early mineral development and power investment to so amend the Mining regulations as to set out specifically what were the royalties charged on the different minerals produced and particularly enacting that the time for which copper was exempt from such royalty would be extended for a period of 10 years. An important element in Canadian gold mining was the total of Dividends paid by the Porcupine field—1912 to end of first half of 1920—which ran up to $16,240,598 for the 8½ years with a total of gold production which ran to $59,650,461; in the Cobalt silver camp the profit to the end of 1918, in nine mines, was $43,751,673.

The Department of Mines at Ottawa, of which Sir James Lougheed was Minister in charge, and Dr. Eugene Haanel, Director of the Mines Branch, continued during 1920 to publish valuable works of research and review as to specific subjects of mineral resource and development. Hugh S. Spence, M.E., contributed a careful monograph on the occurrence, distribution, refining and uses of Graphite with many illuminative illustrations and charts; the same writer also dealt with Phosphate, its history, occurrence, values and manufacture—with special reference to apatite and its geological formations; Prof. J. C. McLennan, Ph.D., F.R.S., who so distinguished himself in a scientific way during the War, contributed a Report of "Some of the Sources of Helium in the British Empire" and, in this, dealt with the Helium contents of natural gases in Canada—especially Alberta, British Columbia, and New Brunswick—in England, New Zealand, etc.; Arthur Buisson, B.SC., wrote a study of Metal Production in Canada during 1919 and John McLeish, B.A., Chief of the Division of Mineral Resources and Statistics, on the Production of Coal and Coke, together with the Annual Report as to Mineral Production in Canada. Associated with the Department in work, if not control, was the Final Report of the Munition Resources Commission, November, 1915, to March, 1919, inclusive, submitted during 1920 to H. E. The Governor-General by Thomas Cantley, Chairman, and G. C. Mackenzie, Secretary. It was a most valuable, elaborate and fully-illustrated presentation of the result of careful investigations into resources, conditions and possibilities of development in Canada as to Aluminum, Chromium, Fluorite, Magnesite, Manganese, Molybdenum, Platinum, Tungsten, Copper and Nickel and the production of Steel.

Coal Resources and Conditions: The Shortage of 1920.

The situation in this respect during 1920 was at times alarming because of the world shortage in coal and the excessive demand; economically it was important as illustrating Canada's dependence for anthracite upon a foreign country and conditions which it could not control; it was financially embarrassing because of the high price levels to which coal was forced by shortage and labour and transportation conditions. There was no question as to the general shortage. In the world, as a whole, the production of coal during 1919 was 162 millions lower than in 1918 and 38 millions less than in 1914 while the demands were infinitely greater. The London *Statist* estimated the actual deficit for 1920 at 72,000,000 tons.

In France, according to M. Millerand, Prime Minister (July 30) coal was "the question of the hour" and Germany's refusal to settle its coal obligations a great injury to French interests and industries; later, the British miners' strike with lessened production, even when the men were working, created similar difficulties in England and re-acted upon other countries such as France and Italy which required heavy British supplies; the somewhat hectic revival of industries in the United States, in the first part of the year, and various local strikes, affected American production and enhanced the threatened shortage as did the European demand for their coal; the Alberta coal strike in the latter part of 1920 increased the trouble in Canada and shortened the coming winter's supply by at least 15,000 tons.

The situation in the United States was at first very confusing to the public but it became clearer late in the year when the U. S. *Geological Survey* published figures of the production of Bituminous coal for 8 months ending August 31, in the following years: 1917, 352,011,000 tons; 1918, 375,395,000 tons; 1919, 287,270,000 tons; 1920, 335,967,000 tons. There was obviously a shortage of 40,000,000 from 1918 production and 18,000,000 tons from that of 1917 with, up to that time, an ever increasing demand; this abnormal process, so far as American industries were concerned, ceased later in the year but the demand from abroad continued; during 1920 the exports increased enormously from 13,969,114 tons valued at $63,531,545 in the first 9 months of 1919 to 23,560,013 tons valued at $196,795,218 in the same period of 1920. In the United States the hard coal problem at this time was one of production and labour with transportation, under special conditions, as a collateral difficulty; in Canada, it was one of importation with distances or transportation as the great factor in cost. If Canadians, generally, would or could use the "soft" coal of the Prairies there were boundless resources and a comparatively easy, cheap production for the West only limited by freight rates and cars; if transportation could be arranged for the bituminous of Nova Scotia and prices adjusted to meet the competitive rates of the United States, there was plenty of coal for Ontario and Quebec. But the difficulties in the way were obvious though not by any means insuperable.

In the 1919 calendar year the consumption of coal by Canadians was 28,863,017 tons or less by five and six millions than in 1917 and 1918; the percentage derived from Canadian mines in 1919 was 40 and by importation 60 per cent. The total production (tonnage sold or used by operators) was 13,681,218 short tons valued at $54,413,349 or an average of $3.98 per ton and of this production Nova Scotia stood for 5,720,373 short tons valued at $22,078,726, Alberta for 4,964,535 short tons worth $18,294,495 and British Columbia 2,435,933 short tons valued at $12,420,445. The imports for consumption included 10,127,965 short tons of Bituminous at $24,750,717 and 4,952,675 tons of Anthracite at $31,595,694 together with 2,228,197 tons of Bituminous (slack) at $4,814,388; the exports 2,070,050 short tons valued at $12,438,885 or $6.01 per ton and a small quantity not the product of Canada. The annual production of Coke was, in 1919, 1,133,680 short tons valued at $9,720,387 or $8.57 per ton. This was the statistical situation in Canada at the beginning of the year; month by month, through two-thirds of 1920, rumours first, then increasing prices and difficulty in obtaining coal, and then actual shortage in supplies, marked the condition of affairs.

The coal resources of Canada were and are well known to be great. In the Toronto press of Jan. 19 Arthur V. White of the Commission on Conservation put the situation in a general way, as follows: "Canada, in respect to quantity, quality and accessibility for mining purposes, possesses coal deposits which compare favourably with those of the greatest coal mining countries of the world. Speaking in round numbers, she has nearly 1,000,000,000 tons of semi-anthracite coal, 315,000,000,000 tons of bituminous coal, and 1,000,000,000,000 tons of sub-bituminous coal and lignite." Unfortunately, the deposits of Bituminous coal were located in the eastern and the western extremities of the Dominion, and the intervening country, thousands of miles in length, was without a supply of its own. Under existing conditions of transportation and cost of production, it was not possible to supply the centre from the extremities; whether it could be done under stress of extreme need or whether Lignite could ever be utilized, was another question.

The need was so obviously becoming a pressing one that the Canadian Manufacturers' Association, early in 1920, appointed a Special Committee to investigate the subject and the Shawinigan Water Power Co., at Montreal, heard a recommendation from its President, J. E. Aldred, to arrange for an economic survey of Canada in this respect. Apart from any immediate shortage, the issue was a vital one; prices were rising steadily, great and essential industries were dependent upon fuel controlled in another country whose interests were competitive and not identical; transportation adjustments over the height and breadth of a continent were growing yearly in complexity and complications; more and more the increase in Canadian population was increasing the Canadian demand upon the United States and enlarging the financial liability of the Dominion—the current yearly cost to Ontario alone being $100,000,000 for its factories and people.

As the year progressed and the need for home production became clearer the imperative nature of this requirement was more obvious. In the first place came pressure from the United States in the safeguarding of its own necessities and, sometimes, unfair criticism in Canada as to such action; in actual fact out of 23,560,013 tons of American Coal exported during the first nine months of 1920, 9,696,466 tons went to Canada. In March an estimated shortage of 50,000,000 tons in Bituminous for the year compelled the U.S. Director General of Railways to restore the war-time preference lists and it was supposed, for a time, that when these had been filled, in order down to the individual consumer, none would be left for Canada; the export to Europe continued to increase, however, despite this conclusion and on April 7 G. H. Cushing, President of the American Wholesale Coal Dealers' Association, stated in Toronto that there was an existing shortage of 10,000,000 tons in Bituminous—largely caused by inadequate transportation facilities. Early in July the fear as to a shortage became general in Canada; on July 17-19 Hon. F. B. Carvell, Chairman of the Dominion Railway Board, and Commissioner S. J. McLean, were in Washington conferring with the U.S. Inter-State Commercial Commission.

Mr. Carvell told the press in Canada (July 20) that the trouble was chiefly one of transportation and that it was the official American desire to consider Canada's fuel requirements on exactly the same basis as those of the United States; on the same day emergency orders were issued by the U.S. Commission giving priority in the movement of the winter stocks of coal, to the north-western States and Canada and more than a score of railroads serving mines in Western Pennsylvania, Ohio, West Virginia, Virginia, Kentucky and Tennessee were directed not only to give preference in the movement of coal for the territory at the head of the Great Lakes, but also to give preference in the supply of cars for such shipments; at the same time and, no doubt, by arrangement, the Canadian Government prohibited, through the Railway Board, the export of coal from the Atlantic, St. Lawrence River and Gulf ports of Canada, except to the United States or to Newfoundland. On Sept. 26 the U.S. National Coal Association announced that, with production running at over 12,000 tons a week, the operators calculated that such of the existing deficiency as was due to under-production, could be made up about Dec. 1st. To fall below that output, they declared, would imperil the programme by which the coal shortage must be overcome.

Meanwhile, in Canada there had been a gradual development in public apprehension, in economy of use and in official warnings. H. A. Harrington, Fuel Administrator for Ontario, issued a statement on Jan. 15 declaring that, despite advice, the hard coal consumer had been lulled into a feeling of security against shortage, that reports from cities and towns showed that he was not availing himself of the coal now coming into the Province; that it was absolutely necessary he should do so. The subject was introduced in the Commons on Mch. 10 by J. H. Burnham, and D. D. McKenzie declared that the problem of Canadian fuel supply could be met by opening the St. Lawrence trade routes between Port Arthur and the Atlantic. If this were done, coal loaded at Nova Scotia ports could be shipped through to the West, as Nova Scotia had coal in abundance.

The Hon. Arthur Meighen spoke for the Government and stated that the mere existence of unlimited supplies of coal did not help in the matter very greatly. Every section of farm land in Western Canada had approximately $1,000,000 worth of resources under it in this respect but its development and use was quite another matter. One great problem was to find a large enough market, within range, which would enable Western producers to compete with foreign coal. Western coal was of such a nature that most of it did not permit of exposure or long distance hauling, but he was very glad to state that the briquetting system, upon which a Board of Experts was now working, was getting into a very satisfactory state—so much so that private capital was eager to initiate the development of the product. In reply to an enquiry as to the result of American withdrawal of coal supplies, Mr. Meighen said, in effect, that if they did stop export there might be considerable inconvenience and some suffering, but Canada had coal and wood, and the time would not be long before the situation could be met. He urged development of peat and oil resources.

Evidences of shortage continued to grow in volume. Mr. Harrington, for Ontario, reported that during May 1-15 the carloads of coal arriving numbered 1,750 as against 3,255 in the same period of 1919; Arthur Hewitt of the Consumers' Gas Co., urged the sparing use of gas as there was "imminent danger" of a shut-down; the press talked of a real fuel famine in the United States, and the Toronto *Globe* (May 31) urged electrification of railways as a means of economy in the large quantity—a quarter of Canada's supply—which they consumed; in the Commons, Hon. R. Lemieux stated, on June 8, that the Gas Companies of Montreal were faced with a shortage of fuel. On July 17 Sir R. Borden stated in the Commons that some weeks before this date a Sub-Committee of the Cabinet had been appointed, composed of the Minister of Railways, Hon. J. D. Reid, and the Minister of Labour, Senator G. D. Robertson. These Ministers had met representatives of the Railways and of the chief industries, and endeavoured to get from them a full and accurate statement of conditions; experts had been investigating the situation for the Government in both Canada and the States; three Government steamers had been carrying coal between Nova Scotia and Montreal for three weeks while there was, also, an enormous demand for bunker coal by ships crossing the Atlantic.

Incidentally, the recent supply of coal coming to Canada had been greatly reduced by the strikes of switchmen and other workers in the United States; there was, the Premier thought, no need for alarm—the importations from Jan. 1st to May 31, 1920, had been larger by 56,826 tons of Bituminous and 105,985 tons of Anthracite than in the same period of 1919. On June 26, however, after the Government had received a Report from Messrs. Reid and Robertson, the Board of Railway Commissioners was given extraordinary powers to deal with the question and authority granted to regulate importation, exportation, production and manufacture of coal or other fuel supplies. Regulations of the Board were to be considered as law, without being approved by the Governor-General-in-Council, and the position was evidently considered serious. A measure approving this action was at once presented to Parliament and put through as one of emergency. On Aug. 3rd Mr. Carvell stated in Ottawa that Government Railways did not have three tons of extra coal between Montreal and Sydney, and could take the entire output of local mines for the next three weeks; a number of industries had been closed in Eastern Canada including the large pulp mills in Bathurst, N.B., for lack of fuel. As to Ontario, Mr. Harrington stated on Aug. 26 that "the present shortage is accentuated by the fact that the requirements of the Western States and the Canadian Northwest must be cared for during the season of navigation and that these priority orders were subsequently extended to cover the requirements of the New England States; consequently, the decreased shipments into Central Ontario would continue until after the close of navigation."

In Alberta, on Aug. 28, W. H. Armstrong, Federal Coal Director for the West, issued a strong appeal from Calgary to buy winter supplies at once. On Oct. 6 the Railway Commissioners issued a general Order providing that various Provincial Governments might each appoint a Fuel Administrator who could, subject to the orders of the Board, supervise the distribution of all coal and other fuel imported into or made available within such Province; develop the demand for and supply of wood and other coal substitutes to the greatest possible extent; promote within the Province the greatest development of any coal areas available; issue orders to dealers, consumers and others within the Province regarding the distribution and use of coal, and license brokers, and others, desirous of engaging in the business of selling coal. Meanwhile, the Dominion Government had commenced through the Mining Division of the Dominion Bureau of Statistics, to issue a valuable review of coal conditions—written at this time by S. J. Cook, B.A., of the Bureau—and it helped to allay undue alarm by indicating the actual facts of the situation. Finally, after the close of the year, it was found that the production* of 1920 in comparison with the preceding year, was as follows:

Province	1919 Production Short tons	1919 Value of Production	1919 Average per ton	1920 Production Short tons	1920 Value of Production	1920 Average per ton
Nova Scotia.	5,720,373	$22,078,726	$3.86	6,395,545	28,379,653	$4.44
New Brunswick....	179,108	794,761	4.42	161,164	936,282	5.81
Saskatchewan......	380,169	820,522	2.16	349,860	832,383	2.38
Alberta...............	4,964,535	18,294,495	3.69	6,859,346	30,147,466	4.40
British Columbia.	2,435,933	12,420,445	5.10	2,856,920	16,026,639	5,61
Yukon Territory..	1,100	4,400	4.00	763	4,430	5.81

Bituminous coal imports into the whole of Canada amounted to 15,902,632 tons in 1920, compared with 12,010,490 tons in the preceding year. Anthracite imports were slightly lower at 4,912,964 tons in 1920 and 4,972,283 tons in 1919. The exports of Canadian coal in 1920 were 2,558,223 short tons compared with 2,070,050 in 1919. Of these exports Nova Scotia shipped 1,245,673 tons as against 994,107 tons in 1919, and British Columbia 1,191,103 tons as against 1,014,201. Two distinct lines of development to meet the situation were visible during the year. In Nova Scotia there was a strong belief in its great local resources and some difficulty in understanding why something national was not done to develop them; Government attention had been entirely confined, so far as Ottawa was concerned, to regulating prices or taxing corporations—except as the original Bounties and later Tariff protection helped through up-building of the Steel industry; there had been no organized appreciation by Governments, railways or large Eastern purchasing interests of the paramount value of coal supply to financial and national well-being. Coal had, before the War, been supplied the Montreal and St. Lawrence Valley markets from Nova Scotia collieries to a total of two million tons a year; the growing industries of Quebec in 1920, to say nothing of Ontario demands and the abnormal shortage, made the revival and wider establishment of this business very important. C. A. Magrath, in his final 1918 Report as Fuel Controller, had suggested that the Railway companies should give contracts for their coal supply for a term of years, at cost *plus* a fair percentage of profit, in order to promote this trade. F. W. Gray, addressing the Mining Institute in Toronto (Mch. 9) declared that:

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*Note—Including Sales, Colliery Consumption and Coal Consumption by Operators in making Coke.

> The only way Nova Scotia coal could be gotten east of Lake Ontario would be by deepening the St. Lawrence Channel so as to give access to ocean-going vessels to the Great Lakes. With regard to our bituminous coal supply we may conclude that the problem is not so much one of a source of supply in Canada as it is one of deficient and difficult transportation. We cannot have our frontiers march with the opulent and enterprising nation of the United States unless we develop our coal resources in a more thorough-going fashion than has hitherto been attempted.

Mr. Gray, who was Editor of *The Canadian Mining Review,* also pointed out that there were coal mines in Cumberland County, N.S., which were 250 miles nearer Toronto than the Cape Breton mines; furthermore, there was no need to contemplate the hauling of coal by rail, except in a national emergency like the present, but even were that done the additional money expended in wages and material would be spent in Canada. There had not up to this time been a great deal of investigation in the matter of Nova Scotia coal resources but the known reserves were more than enough to meet any national emergency in Central Canada. The real difficulty was in transportation yet there was the splendid waterway of the St. Lawrence to Montreal and the proven feasibility of the route for shipment of coal at the rate of 2 million tons a year; it was argued that Ontario itself might be supplied if the St. Lawrence route were deepened for ocean-going vessels and even the gap between Montreal and Fort William might be crossed in competition with U.S. coal and the soft coal of the West brought back to the East; current cheapness of transportation from the United States central coalfield to the Great Lakes and the adjoining territories arose from a combination of water transport and a preferred inland freight rate from the mines to the Great Lakes ports.

Conditions of a fundamental nature in bringing about immediate action, and apart from the St. Lawrence deepening of the future, were well summed up in the Montreal *Journal of Commerce* on Mch. 23: "Two things are chiefly required, namely, a unified control of the operations of mining, transportation and sales, and the recognition by purchasing interests, for their own future welfare and protection, of the necessity to buy Canadian-mined coal, and to pay a just price for it." A few months later the organization of the British Empire Steel Corporation promised to meet some of these conditions. Capital could help greatly in the transportation difficulty; in the other requirement of larger production it was vital. According to the Toronto *Globe* of July 14 it appeared that, recently, a shipment of 2,000 tons of Nova Scotia coal had been made to the Mattagami Pulp and Paper Mills, about 32 miles west of Cochrane, on the National Transcontinental! This coal was shipped all the way by rail, and at the point of destination its cost *plus* freight was practically equal to the price at which Pennsylvania coal could be laid down at the same point. This incident was important and it might well have been a fore-runner of greater things.

The other point of development was Alberta which had long been known to possess the greatest coal resources of Canada; in 1920 it promised, if not hampered too much by labour troubles, to be the greatest producer in Canada; remarkable strides were made during the year in developing the use of the lignites, sub-bituminous and bituminous coals of all the Prairie Provinces. A combination of chain-grate stokers, with special arrangement of the boiler-setting, and the use of water-tube boilers, was found capable of burning this coal with high ash and high moisture content, and the effect of ash fusibilities promised to be important. The use of powdered coal was applied with much success to heating furnaces and to open-hearth furnaces in small iron-works. The substitution of Western coal for imported Anthracite in domestic heating was widely urged and adopted, and where, in 1917, during the coal shortage of that time, the people of Winnipeg felt afraid to depend upon Western coal for domestic heating, at the end of 1920 about 80 per cent. of the coal requirements of the City were being supplied from Canadian mines. The Lignite Utilization Board also concluded its series of experiments in the briquetting of lignites and, after an expenditure of about $600,000, succeeded in perfecting a lignite briquet that was said to have the fuel qualities of good anthracite, to stand transportation, weather and storage, and to be salable at a moderate price.

During the year the coal mines of Alberta were widely advertised in the West and John T. Sterling, Chief Inspector of Mines for the Province, told *Canadian Finance*, Winnipeg, on April 21 that "coal production during the year 1901 for the whole of the North-West Territories was 346,649 tons, while in 1918 Alberta alone produced 6,148,620 tons." The amount of coal produced in the Province during 1919 was 5,022,412 tons, or a reduction of 1,126,208 tons below that of 1918 but it was estimated that about one million tons of the production in 1918 was not consumed during that year but was carried over in stock. Notwithstanding the large increase that had taken place in production during the past few years, there were 2½ million tons imported from the United States during 1919 into territory which should undoubtedly have been supplied entirely with Canadian coal. This meant that the current market in Canada for coal produced in Alberta and Saskatchewan was about 8,000,000 tons per year and this amount the Alberta mines could reach with comparative ease; in fact, the existing labour equipment and plant could, according to Mr. Sterling, produce 9,000,000 tons.

Steady operation, if only labour would become stabilized and consumers order their coal ahead, would cheapen cost and this again would widen markets and permit of reaching a large population south of the United States border-line. In 1919 Alberta coal was consumed locally to a total of 2,991,110 tons, in British Columbia 95,461 tons were sold, in Saskatchewan 1,115,329 tons, in Nova Scotia 121,212 tons, and in Ontario 308 tons. The chief difficulties in the popular use of Western coal were the high cost of transport, the lower heating value and alleged dirtiness of the product. The first obstacle could be met by lower rail or water rates—especially in the summer months—the second by a quoted price lower than that of anthracite, the third by a little different construction in buildings which intended to use it.

In this connection it may be said that in June, 1920. an increase by Winnipeg retailers of $1.75 per ton, without any increase of cost at the pit-mouth, illustrated a serious difficulty; the Manitoba Government's advertisement for tenders for 8,700 tons of American coal for the Parliament Buildings was, perhaps, an answer. Supplying this coal to Ontario, if the demand developed, turned upon transportation, and the Toronto *Mail and Empire* (July 17) suggested that the Railway Commission should order special rates on coal shipments from Alberta to Ontario in order to stimulate the demand. A large summer requirement from Ontario would double the production of Alberta mines—which were idle five months in the year—and thus help to solve the whole difficulty. H. A. Harrington the Ontario Fuel Administrator (July 16) stated that Alberta coal cost $5.00 less than American coal at the mine; that from Hillcrest, Alta., to Sudbury the railway rate was $17.00 a ton; that lower freight rates were absolutely necessary to bring it to Ontario. The following was the suggested solution of the Edmonton *Bulletin* (July 15): "Obviously the way to meet the case is for the Alberta domestic coal mines to work all summer and lay up a surplus of coal in the various centres of population and distribution throughout the Prairies, so that when winter comes there will be coal available, with a minimum of transportation necessary."

Efforts were made in July to obtain from the Railway Commission a differential summer rate of 20 per cent. less than the tariff—at a season when traffc was at its lowest—but without success. There were two other difficulties—lack of capital for increased production and the need for special storage facilities. Then came the increases in Railway rates which, of course, seriously affected the question of coal shipments from or to the West and from Nova Scotia to the East. The best Alberta coal was retailing in Winnipeg during August at $14.75 a ton but was billed for an increase with the freight rates; in September a delegation of Alberta Government and other engineers spent a fortnight at the central power plant of the Winnipeg Parliament Buildings conducting a series of exhaustive and valuable practical tests of Western coal for industrial purposes and these were said to have been most successful; nine Alberta coals and the American coal, used in Winnipeg steam plants, were tested and the latter stood 5th in efficiency and 6th in percentage of boiler-rating. Arrangements were at once made to open a demonstration plant in Winnipeg and on Nov. 4 it was stated that Vancouver had made a civic contract for the supply of 10,000 tons a month from Lovettville, Alta—to retail at $11.70 a ton.

The price of coal was an intense subject of discussion during the year. John D. Baile told the Montreal Rotary Club on June 22 that the labour cost of United States anthracite at the mines was $4.00 a ton and the freight from the mines to Montreal was $4.00; to these had to be added allowance for plant value, coal profit, cost and profits of distribution: "The cost of production in Nova Scotia is much greater than in the States as the mines are near the seaboard, the coal is dug out from shafts and a great deal of pumping is necessary. The future for the Cape Breton coalfields lie, in my opinion, more in the export business than in a very large growth of Canadian business. There is no place better suited for exporting coal than Cape Breton. The mileage from Sydney by rail to Montreal is 1,000 miles, while from the inland mines in Nova Scotia it is 706 miles. From the centre of the bituminous fields near Pittsburg to Montreal the distance is 550 miles while the anthracite mines are about 410 miles from the city."

The difficulty of regulating the price was very great; as Hon. Mr. Carvell put it on Aug. 6 it was impossible to do anything because all the anthracite coal consumed in Canada, all the bituminous coal for Ontario, and a very large part for Quebec, came in from the United States, where there was no price-fixing and, therefore, Canadians were compelled to pay whatever prices the producer might demand. As the price ranged upward to $17.00 a ton charges of profiteering were numerous and frequent; ignorance of who to blame was equally general both in the States and Canada. On May 28 W. Jett Lauck, Economist to the U.S. Railroad Brotherhoods, after hunting for profiteers through the individual reports of Coal companies and the Federal Trade Commission and Fuel administration records, stated to his employers that the total of profit accumulations of the Fuel companies of the United States, in 1916-19, were not less than $1,000,000,000; the Federal Trade Commission reported, according to the press of August, 1920, that in the West Virginia coal-fields the average sales price of bituminous coal was $3.40 a ton, *plus* $2.00 freight to tide water and that this coal had been selling at $20 to $22 for bunkerage purposes.

Incidents of the year in respect to coal included an enlargement in scope and area of the Western Coal Operators' Association and the election of O. E. S. Whiteside as President; a Resolution by the Boards of Trade of Western Canada at Calgary (May 18) urging steps to make Canada independent in its fuel supply and asking the Railways for a special summer freight rate for coal; the proposal of J. B. McLachlan, United Mine Workers of America, at Glace Bay, N.S., (May 31) that the coal cutters at Sydney should reduce their output 50 per cent. if the Company refused to meet their demands, with the Company's reply that output must in such mines as this, increase rather than diminish and that the opening of four new mines was under contemplation; the fact that in September hard coal was selling in St. John's, Newfoundland, at $35 a ton; the failure of the O.B.U. in the autumn of 1920 to tie up the mines of Alberta—even the much-troubled Drumheller Company mines.

W. F. McNeill for the Coal Operators of Western Canada stated before the Tariff Commission on Oct. 5, that removal of the duty on coal would endanger Alberta interests representing an investment of $27,397,275; that whole communities were largely dependent upon the coal mining industry for their continued prosperity, and in many cases, for their actual existence; that Colliery workers in Alberta and their dependents numbered over 50,000 and that, during the first seven months of 1920, 280,571 tons of Alberta coal were sold for consumption in Manitoba against 249,872 tons in the entire year of 1917. Parliament passed during June the Government's enactment confirming appointment of a Director of Western Coal Operations with the Progressives, or Farmer members in support; H. A. Harrington of Ontario stated (Nov. 2) that a "spread" of $5.00 in Toronto retail prices was a fact and was due to the purchases of coal direct from the Mines by some dealers and the intervention of middlemen in other cases. At the close of the year the shortage was practically over, coal was moving freely in Canada and prices were stabilized on a winter basis.

Forest Resources and Lumber Interests of Canada; The U. S. Situation.

Canada in the 1920 tabulation of resources which took place throughout the world, after the years of war destruction, stood out as one of the last great areas of forest growth and timber reserves; its pulpwood was in world demand and its woods and forests a new object of respect to the United States which had once regarded its own resources in that connection as illimitable and everlasting. It had been calculated before the War that Europe had 750 million acres of forest area—of which 465 millions were in Russia; that Asia had 611 million acres, Australia 133 millions and Africa 259 millions; that the Americas had 2,047 millions of which 528 millions were tropical in character, 545 millions in the United States and 799 millions in Canada; that this latter total was more than was held by any single continent of the world and much more than was held by the United States including Alaska; that the British Empire probably owned half the forest area of the world.

But war did much to deplete these existing reserves on all continents while internal strife and disorder afterwards tied up the great resources of Russia, in Europe and Asia, totalling 813 million acres. The figures themselves, though approximately correct, had in 1910 and still more in 1920, to be used in the light of commercial values and of areas actually available for production and transportation. The United States by this time had come within measurable distance of danger and shortage and a Report issued in 1920 by the U.S. Forest Service showed that there were left for the consumption of 100,000,000 people, about 137,000,000 acres of virgin timber, 112,000,000 acres of culled, cut-over, and second-growth timber large enough for sawing, 133,000,000 acres partially stocked with smaller growth, and 81,000,000 acres of forest land of all sorts. Three-fifths of the timber originally in the United States was gone and cutting was taking place each year at more than four times the rate of the annual growth; even trees too small for the saw-mill, but upon which future lumber supplies depended, were being cut three and a half times as fast as they were being produced.

The Report showed, also, that the use of wood could be appreciably reduced without serious injury to the agriculture, the home-building and the manufactures of the United States. The original pine forests of the Lake States, estimated at 350 billion feet, were reduced to less than 8 billion feet. The output of sawmills in the region bordering the Great Lakes had since 1892, been reduced from 9 billion board feet of lumber to one billion and the pine forests of the Southern States depleted from a stand of 650 billion feet of timber to 139 billion feet. One half of the timber remaining in the continental United States was in Washington, Oregon and California, and 61 per cent. of it lay west of the Great Plains. It was estimated, according to Clyde Leavitt of the Dominion Forestry Service, that within another decade the shortage of nearer timber would compel the Eastern and Central States to increase their annual consumption of Western lumber by 11½ billion board feet.

Yet, with this situation facing it, the United States (according to C. Price-Green, Commissioner of Resources for the Canadian National Railways), was using one-half of the whole world's supply of white paper, representing 5½ million cords of wood yearly, or the equivalent of a pile of pulp four feet wide and eight feet high and 4,500 miles long, or more than the distance across the continent. The newspapers of the city of New York alone consumed the equivalent of over 9,000 spruce trees daily, and Chicago over 5,000. One New York Sunday paper took the spruce from over 40 acres for every issue; the country, as a whole, was consuming 30,000,000,000 feet, board measure, of timber. From various official and other reports it also appeared at this time that of the total forest area of the United States 100,000,000 acres were wholly unproductive through fire and 250 millions cut over or partially damaged by fire; there were estimates that the mills would find all available resources gone within 15 years.

A monthly publication of the National Bank of Commerce, New York, in July, estimated that the United States originally possessed 850,000,000 acres of timber land, of which only about 545,000,000 remained: "The original forest acreage contained approximately 5,200 billion board feet of merchantable timber. The latest estimate of timber remaining is 2,826 billion feet. Of this difference about one-third has been lumbered, one-third destroyed by forest fires and one-third wasted." Hence the Underwood Resolution in Congress, hence the demand for repeal of Canadian Provincial regulations as to export of pulpwood, hence the growing American investment in Canada, hence the leaping export of lumber and pulp from Canada to the United States. Hence, also, the growing agitation in the United States for forest conservation, the demand of the American Pulp and Paper Association (April 15) for a National Forest policy, co-ordinated with State legislation and for permanent annual appropriations of $3,500,000 for various purposes of conservation.

Such was the position facing Canada in 1920 and expressed for the moment by a tremendous American demand for its pulp resources, by poverty of supply for its own interests, by insistent warnings from those who studied the situation that any persistent pressure from the United States would soon deplete Canada's still great forest areas, as well as, and even more rapidly, its potential pulp supplies. It was contended that, despite the apparently great forest area of Canada, it could not, owing to depletion in recent years by forest fires, supply the total demand of the United States for more than 15 years. For the year ending July 31, 1920, the value of Canadian forest products exported were as follows: unmanufactured wood, $122,706,285; wood-pulp, $57,919,248; newsprint, $60,084,414 and other paper $12,060,050; other manufactured wood, $3,919,651. The imports of a like nature in the same period aggregated only $37,434,773. The capital invested in the Canadian Lumber industry, according to a Census in 1919, was $231,203,247 and the total production $309,124,445—inclusive of Forest products and manufactured products.

Canada's supply of commercial timber, as apart from mere forest areas, was estimated at 800 billion feet B.M. of timber and 1,000 million cords of pulpwood. Of Canadian resources about 366 billion feet of timber were located in British Columbia and a good deal of it was more or less inaccessible but with a climate which made the growth of forests more rapid than their depletion; it was estimated that this Province could produce as much new timber in 60 years as the rest of Canada could do in a century. The general view of Canada in terms of forest area was that at this time it had half the forest resources of the United States, or about 260 million acres of commercial forest; while half of its forest areas had been burnt over in the past 100 years with British Columbia, alone, losing over 600 million feet from fire. At the current rate of consumption, about 14 billion feet a year, the loss from fire was the equivalent of 450 years' supply. Dominion and Provincial authorities in 1920 continued and accentuated preceding warnings as to fire and wastage. The total wastage of timber every year from fire, decay, windfalls and floods was put at nearly 2,500,000,000 cubic feet, or about five per cent. of the standing merchantable saw-timber in Canada.

Forest fires continued through the summer of 1920 to ravage Canadian resources. In May the town of St. Quentin, N.B., was destroyed by a neighbouring fire in the woods and more, naturally, was thought of it than of all the trees and potential timber which went up in smoke; yet the latter was the greater economic loss while other blazing forests throughout New Brunswick and Nova Scotia, and the Quebec counties along the New Brunswick border, marked the dry season and a real disaster to Canadian reserves of wealth. Cumberland County, N.S., suffered severely and lost a million dollars' worth of lumber and trees; so with timber lands in the vicinity of Dartmouth, N.S., and in Northern Ontario, also, where days of blazing forests marked more economic waste. At various points in British Columbia the same disaster came in August. Along the Railway lines the trouble most frequently developed; at other times careless hunters or prospectors were the cause. Out of 409 forest fires in New Brunswick, during 1919, 309 were attributed to railway causes. By Royal proclamation on Sept. 15 it was enacted that Oct. 9 should be held and celebrated as Fire Prevention Day and the people were asked on that day to make a study of the best means to avert fires—domestic, city, forest and general—with special reference to lumber camps, settlers, hunters, etc. The following Preamble illustrated the situation in clear and forceful terms:

> Whereas it is authoritatively stated that during the past decade in Canada more than 2,600 persons have lost their lives, and property valued at approximately $200,000,000 has been destroyed by fire, and that the annual loss from this cause continues practically unabated; and whereas in addition to this waste of human life and created resources forest fires annually destroy merchantable timber worth many millions of dollars and immature forest growth of inestimable potential value, thus adversely affecting one of Canada's most important branches of industry, depleting our natural heritage of forest wealth and impoverishing, if not entirely destroying, the future productiveness of large forest areas; and whereas the waste thus occasioned, represented in terms of human life, money, labour, time and natural resources, cannot be re-created but is an absolute and irrevocable loss largely dis-

tributed over the entire population through the agency of Fire insurance which imposes an inescapable and burdensome tax upon industry and thrift and substantially adds to the cost of living; and whereas it is shown by reliable statistics that at least 75 per cent. of the fires which occur originate either directly or indirectly through inexcusable ignorance and neglect and are therefore preventable, it was consequently felt desirable that the attention of the public be directed to the extent and underlying causes.

The need for such action was strongly voiced from year to year by the Canadian Commission on Conservation and at its 11th annual Convention, Montreal (Feb. 18-19) Dr. J. W. Robertson, C.M.G., described the annual loss from forest fires as 8 to 10 millions, declared that the re-timbering of cut forests required from 50 to 150 years, and added that unless the information gathered on this subject was studied and carefully used and applied, the future of the lumber trade would be ruined. Gordon C. Edwards of W. C. Edwards & Co., stated on Mch. 15 his opinion that the immense loss caused by forest fires, largely through the carelessness of pioneer settlers and sportsmen in leaving fires behind them, was known to be from 10 to 20 times as great as the amount of lumber taken out by the lumber manufacturers. The Hon. E. C. Drury, Premier of Ontario, in December drew attention to a point in which the lumbermen appeared to be at fault: "In the north country large areas have been left littered with logs that are not first class and with accumulation of waste from lumbering operations. Fire gets in and not only are the seeds in the ground destroyed, but the soil itself, so that it will be hundreds of years before the area can reforest itself."

As to forest renewal and conservation there were all kinds of suggestions. The Ottawa *Journal* (Jan. 14) urged that lumber interests should be compelled to provide for the renewal of the forests from which they were cutting matured timber. Nothing more would be required than care in the cutting and removal of matured timber. Re-planting would be necessary only as a last expedient—where the forests had been completely destroyed by fire or other agencies. It was known that only two things were essential to a natural renewal of forest growth—(1) careful selection of trees, in cuttings, so as to leave the best seed trees as well as the young growing ones and (2) careful destruction of refuse pieces of lumber and brush. The difficulty was to get lumbermen to observe such regulations if they were made; ordinary Government enforcement would obviously be expensive. In Lumber circles while the vital issue of the year was, in reality, conservation of forest products, the matter which came home to the people with most force was the increasing price of wood and all its products. They did not quite realize that increased demand in the United States and other countries and increased consumption at home, were accompanied by increasing difficulty and cost in getting lumber out of the forests and, during most of the year, in getting men to go into the forests.

The American demand and the Provincial embargoes in Ontario, Quebec, and New Brunswick upon certain forms of export and of forest product—dating from before this critical period of demand developed—was an international subject of discussion. Though Oscar W. Underwood's Congressional Resolution calling for a U.S. Commission to visit Canada with a view to securing the removal of restrictions upon the exportation of pulp-wood from Provincial Crown lands to the United States, passed the House it failed to obtain the President's approval and therefore did not make the position serious; yet its reference to retaliation, if something were not done, made it a serious expression of opinion. To Canada an embargo on coal or steel or upon any species of lumber needed in the country but not produced locally, would obviously be a rather vital matter.

This general question was a prominent one at the Convention of the Western Canada Retail Lumbermen, Winnipeg, on Jan. 28; President Walter Thorn of Moose Jaw pointed out that the American demand for Canadian lumber had caused a serious shortage, made prices go up, and was likely to raise them still higher. The price paid for lumber in Canada would, he considered, be the American market price *plus* exchange. W. B. Tomlinson, wholesale lumberman of Winnipeg, declared that "as long as there is this tremendous demand from the United States, frankly, I do not think the price can go down. We must either go short or pay higher prices. So much lumber is exported from the United States that only about 25 per cent. of their product will be available for home building purposes." Everywhere the housing shortage in Canada at this time was intense, the price of lumber was high and supplies scarce, the cost of building-labour in the cities almost prohibitive.

At Calgary, when the B. C. Mountain Lumber Manufacturers met there on Jan. 27, the wholesale delivered price of American lumber locally was $42.40 per 1,000 feet and the average freight rate to be deducted from this was $8.00 per 1,000 feet; the Provincial production of 1919 had been less than in 1918 by 35 million feet and the shipments 12 million feet more with 60 per cent. going to the Prairie Provinces, 20 per cent. to the United States and 15 per cent. to Eastern Canada; the Labour problem was indicated in the figures as to wages which showed that common labour got from $4.50 to $5, and skilled labour, of which there was great scarcity, from $6 to $15. E. L. Staples of Wycliffe, B.C., was elected President of the Association and I. R. Poole, Secretary, explained that increased prices were due not only to shortage of supply and growing wages, but to a 30 per cent. increase in freight rates.

At the Quebec Convention of the Canadian Lumbermen's Association on Feb. 4 representatives were present from four Provinces and the problems of stimulating production, maintaining a rational price basis, and keeping up Canada's position as an exporter of products of the forest, occupied a prominent place in the discussion. W. Gerald Power of St. Pacome, Que., in his Presidential address, urged consolidation of interests; reference was made to recent increases in wages per hour of 240 per cent. and a decrease of 62 per cent. in labour's efficiency. Dan. McLachlin, Arnprior, Ont., was elected President, and strong feeling was expressed as to the Excess Profits Tax. Attention was drawn, at this time, in Vancouver, to the fact that Australia could not get the lumber it needed from British Columbia and had to go to Siberia for it; at Ottawa people were discussing the fact that the United States was consuming 85 per cent. of the output of Canadian pulp-mills and wanted the other 15 per cent.; complaint was being made to the Board of Commerce that many Canadian centres could not get Canadian lumber at all because of the American demand and its indifference to cost.

In Toronto Prof. C. J. Howe of Toronto University (Faculty of Forestry) urged, on Mch. 7, that the community should share in the increased price of lumber and pointed out that in British Columbia, when the market-price value of lumber went above a certain price, agreed upon as furnishing the producer a reasonable profit upon his investment, the royalties exacted by the Province increased in definite ratio; at Calgary Mr. Poole of the B. C. Mountain Lumbermen gave facts and figures to the press (May 14) to prove that the Pacific lumbermen's individual profits were small; in the summer, lumber prices shared the shrinkage of many others, many American mills and some Canadian, closed down and plenty of lumber became available in British Columbia for the Prairie farmers. The autumn saw a lessened market throughout the West because of the slump in wheat and a new difficulty for the lumbermen in the increased freight rates.

Other incidents of the year included the growth of a new lumber industry in Manitoba—the utilization of great areas around Hudson Bay which were covered with the small spruce growing over fire-swept forest lands. In July an Imperial Forestry Conference was held in London (July 5-17) with Robson Black, Secretary of the Canadian Forestry Association and M. A. Grainger of Victoria, B.C., amongst the representatives of Canada. Arrangements were made to compile an authoritative estimate of the resources and varieties of timber within the Empire and the Dominion was selected as the meeting-place in 1923. This Association also submitted to the Ontario Government a plan for the more efficient care of its forest resources which included a Technical Forestry Branch in connection with the Department of Lands and Forests at Toronto and a staff of skilled and experienced foresters who could co-operate with the licensees in timber-cutting operations. At this time, also, Alberta through the Boards of Trade at Edmonton, Calgary, Lethbridge and Medicine Hat made a strong and insistent demand on the Dominion Government that the Forest Reserves in the Prairie Provinces, which had been closed in 1914, should be re-opened to prospecting and development for oil and other minerals—subject to proper measures to safeguard the Reserves from fire and the destruction of timber.

Oil Resources of Canada: A World Problem in Canadian Application

The year 1920 saw great world developments in respect to Oil which made this question a crucial one in many countries. The consumption of oil was everywhere growing apace and the United States, which produced twice as much as all the rest of the world, awakened to the fact that its estimated resource in re-coverable petroleum was less than one-eighth of the world's wealth in this respect. Great Britain, systematically and unobtrusively, was busy acquiring control of great oil reserves and resources in many countries, while Canada, with only a tiny production of its own, became aware of great possibilities in a new and rich field of development. The call for something to take the place of coal, the immense use of petrol or gasoline for automobile and industrial purposes, the application of oil to steamships and warships and Railway purposes, its scientific importance demonstarted in a thousand matters of war experience, all enhanced the vital value of resources, or supposed resources, in this product.

In 1919 the United States produced 376,000,000 barrels of crude oil and imported from Mexico 60,000,000 barrels; the average yearly increase of requirements over a 30-year period had been 8·54 per cent. and, if extended over another five years, would add 220,000,000 barrels to the demand in the United States; the Standard Oil Company was doing its best in Roumania and in several South American countries and in Canada, through its Imperial Oil subsidiary concern, to meet this increased need. But the estimated duration of the United States' existing supply at current rates of consumption was 18 years and it needed all the wealth and ingenuity of the Standard Oil concerns, with a combined capitalization of $2,675,000,000, and the net earnings of $77,985,000 made by the parent Company in 1919, to prepare for the new conditions. The productive countries of the world at this time, besides the United States, were Mexico, Russia and India—with Russia largely eliminated—Roumania, Persia, Galicia (also non-available) Peru, Japan, Trinidad, Egypt, Argentina, Germany, Canada, Venezuela, Italy and Cuba.

All these countries and other regions where oil seeps, asphalt deposits, or geological probabilities, were being developed, produced the world's yearly supply of 600,000,000 barrels. Meantime, Mexico was losing its productive position and, in 1918, the greatest oil gusher in the world, owned by Lord Cowdray's concern, The Mexican Eagle Oil Co., and flowing at the rate of 16,000,000 barrels a year, had to be closed owing to salt water coming up instead of oil; so with other oil wells in the vicinity and in some other countries also. As to actual resources in the United States, there were two sides to the question and the *Saturday Review* of Oct. 4, 1920, described all estimates as very difficult and precarious but believed that, in Oil shales, the United States had the most gigantic petroleum resources in the world and that the official geologists of the United States had estimated their known shale deposits as having twice as much oil as all the known deposits of liquid petroleum in the whole globe were supposed to contain.

While the United States at this time was, for the moment, producing 70 per cent. of the world's product and the British Empire less than 5 per cent., Great Britain was acquiring a peculiar position of power for the future and Canada and other parts of the Empire were proving rich resources. The United States was awake to the situation and, in one of his Election speeches, Warren G. Harding (Oklahama, Oct. 9) said: "We have seen Mesopotamia and Baku, Trinidad and Royal Dutch, the East Indies, Persia, Columbia and Mexico, all falling into the hands or under the influence of British oil interests. Our own engineers, operators and capitalists face the danger of being barred out of a chance for fair participation in future developments." Early in the year the U.S. Shipping Board (in February) called for offers of one year's supply of fuel oil and received only a few small bids; in March the United States Navy called for bids of 5,000,000 barrels and received offers of only 660,000 though the prices were three or four times those of 1919. During two years the local consumption of oil had been more than six times what it was in 1901. Every new oil-burning ship, every new auto, increased the demand, and the supply was not increasing in proportion. With crude oil at $6.00 a barrel about 29,000 wells were being drilled in 1919 in the United States alone; the cost in Pennsylvania, where the wells were shallow, was about $10,000 a well and in California, where soft sands were met, $100,000 per well. Hence the development of a political, diplomatic, and popular demonstration in the United States against the prevision and natural action of Great Britain.

It was inevitable, when war and coal shortages showed the use and value of oil for industries, Navies, merchantile marines, aviation, railways, and other national objects that Great Britain should employ her business knowledge and experience in obtaining control of oil resources anywhere they might be available—not to hold but to develop and use. American criticisms in the matter only made it more important because, it was claimed in reply, the Standard Oil Company controlled in Mexico and the United States, the world's chief supplies of petroleum—and the British Empire required at least 20 per cent. of that supply and much more in the future. Besides, this was a world shortage with constantly rising prices—two very practical reasons for British action. For the moment, the most promising new fields were in Egypt, India, Persia and Mesopotamia—all as it happened, under British influence; the War had revealed an alarming British weakness in the utter and costly dependence upon foreign supplies of oil; peace conditions necessitated a quick development and change in this condition—as a matter of fact nearly all the British Dreadnaughts, capital ships and cruisers on Aug. 4, 1914, were coal-burners and, at the same date in 1920, the British Atlantic Fleet contained 24 capital ships and cruisers of which all were oil-burners.

A Petroleum Department was created, with semi-government powers, and Sir John Cadman appointed Director; active work was initiated in 15 countries and it was found that India produced about 10,000,000 barrels of oil yearly and Persia about the same amount; that Trinidad had 3,000,000 barrels or 100 per cent. more than in 1915, and Egypt about the same; tests were made and indications of oil found in many other British countries including Canada, Cyprus, Malta and Mesopotamia. Working separately, Sir Marcus Samuel, the able Chairman of the Shell Transport and Trading Co., with its great fleet of oil-ships, obtained control of the world-known Oil development concern, the Royal Dutch Company for the Working of Petroleum Wells in Dutch possessions; about the same time he established his interests in a very large way with another British Company in Venezuela. On April 18 in the *Sunday Times*, London, Sir Edward Mackay Edgar, Bart., a Canadian financier in the Empire capital, wrote that all known oil fields and all likely, or probable, oil fields outside the United States and Mexico were in British hands or under British management or control, or financed by British capital: "We shall have to wait a few years before the full advantages of the situation begin to be reaped," he added, "but that harvest eventually should be a great one":

> Apart from Mexico, it is almost a case of the British first and the rest of the world nowhere. I should say that two-thirds of the improved fields of Central and South America are in British hands. In Guatemala, Honduras, Nicaragua, Costa Rica, Panama, Colombia, Venezuela and Ecuador a decisive and really overwhelming majority of petroleum concessions are held by British subjects, and will be developed by British capital. The Alves group, whose holdings encircle practically two-thirds of the Caribbean Sea, is wholly British, working under arrangements which insure that perpetual control of its undertakings shall remain in British hands.

Meanwhile, the Anglo-Persian Oil Co. had been acquiring wide interests and obtained a contract for supplying oil fuel at Australian ports under Government arrangement while the Commonwealth itself offered £50,000 for the local discovery of oil; it was re-organized in England and capitalized at £20,000,000 with a controlling interest acquired by the British Government while a huge refinery was erected at Swansea, and certain interests acquired in Mexico; Lieut.-Gen. J. S. Cowans was appointed Managing Director of a new Company controlled by the Shell Transport Co. for development of the Oil fields of Mesopotamia; this concern also affected arrangements during the year with interests representing the French Government for joint development of Oil concessions obtained under the Anglo-French agreement of April 25 as to Mesopotamia and the Near East; a Roumanian-Franco-British group of financiers acquired control of the Steana Romana, the largest Oil concern in Roumania—outside of the Standard Oil interests.

The Rt. Hon. F. G. Kellaway was appointed British Minister in charge of Petroleum Affairs on July 26 and stated in a speech that the present was, in very truth, the Oil age. In 1913 Great Britain imported 2,000,000 tons of oil; by 1918 war requirements brought the figure up to 5,500,000 tons—80 per cent. of which came from the United States; the present consumption was at the rate of 3,000,000 tons a year and the British Empire required 6,000,000 tons of oil yearly, while only able to produce about 2,000,000. It was, nevertheless, untrue that there was any general exclusion of foreigners from the Empire's Oil undertakings; he hoped for an Imperial Oil Conference in the near future. In September Sir John Cadman stated that the Mesopotamia fields would be worked by private British Companies, in competition, with Government royalties used for the local benefit of the country; British aircraft, submarines, motor transports, warships, he pointed out, all depended upon Oil and there was a great shortage. At the close of the year Mexico granted many permits for exploration and exploitation to representatives of the Royal Dutch (British) oil interests.

The Oil controversy of the year which developed in the United States was enhanced by such speeches as that of Mackay Edgar and influenced by the Standard Oil Company's natural objection to rival interests; Canada was vitally concerned in it through general British Empire association and because of the place won by the Imperial Oil Company in its own exploitation. This Company had an authorized capital, under Canadian incorporation, of $50,000,000 common with $30,000,000 outstanding; its yearly dividend was 12 per cent. and new stock of $5,000,000 was sold during this year; it was a subsidiary of the Standard Oil and its President, W. C. Teagle, became, in 1919, President of the great American corporation. Before the War the British Shell Transport concern, backed by Rothschild millions, had been doing some "economic penetration" in the United States as well as in the Far East and other regions; since the

War it had practically combined with the Royal Dutch and other British concerns having world-wide interests and had obtained control of much production in California, Texas and Oklahoma as well as in Mexico. While the Standard Oil was sending its prospectors all over the world and finding, usually, that the choice locations had passed under British control, this process was going on in the United States also. Hence the American discussion and the publication of an official Report in May which described the alleged gravity of the situation and declared that the British Government was using its dominant position to advance the interest of its own people against that of foreign nations. Signed by F. L. Polk, U.S. Under-Secretary of State, the document said that the British Empire was trying "to bring about the exclusion of aliens from the control of the petroleum supply of the Empire, and to endeavor to secure some control over Oil in foreign countries." This policy, it appeared, was being developed:

1. By debarring foreigners and foreign nationals from owning or operating oil-producing properties in the British Isles, colonies, or protectorates.
2. By direct participation in ownership and control of petroleum companies.
3. By arrangements to prevent British oil companies from selling their properties to foreign-owned or controlled companies.
4. By Orders-in-Council that prohibited the transfer of shares in British Oil companies to other than British subjects and nationals.

Canadians found difficulty in seeing anything out of the way in these matters or different from what the United States would do under similar circumstances. Sir Auckland Geddes, in a speech at New York on May 26, however, argued at length to prove that Great Britain was doing nothing unreasonable or unfair. The controversy continued more or less throughout the year, official protests were made against the Franco-British Oil agreements, a formal reply was made by Great Britain and another American Note in November claimed equal rights with all other Powers to explore for and exploit oil in Mandatory territories—notably Mesopotamia. As usual, the British replies were not made public and only one side of the case went before the American people. Meanwhile, the subject of Oil was attracting much attention in Canada where 90 per cent. of its production of crude petroleum still came from the oil-fields of Southern Ontario which had been producing for 60 years and whose output had, recently, been supplemented in a small way from Alberta and New Brunswick. Yet Alberta had gone through an "oil-boom" and was destined in 1920 to have an incipient one in operation; there was no real doubt at this time of great oil resources in Northern and Western Canada if they could be located and utilized.

The Canadian production of crude oil in 1920 was 196,937 barrels valued at $821,545 as against 240,466 barrels worth

$736,324 in 1919. A bounty of 1½ cents per gallon was paid on the marketed production of crude petroleum from oil fields in Canada and the administration of this "Petroleum Bounty Act" was under the Department of Trade and Commerce. The price per barrel of crude oil at Petrolia was quoted at $3.38, from July 19, 1919 to Jan. 12, 1920, when the price was increased to $3.63. On Mch. 1, 1920, the price was again increased by 45 cents to $3.88, and on Mch. 10 a further increase of 25 cents went into force making the price from that date to the end of the year $4.13. In 1919 ten oil refineries in Canada used 299,986,199 gallons of crude oil of which 292,281,146 gallons were imported; the total products of the Refineries, including gasoline and motor oils, benzoline, illuminating oils and tar, wax candles and asphalt, was $42,856,074; exports of petroleum in different forms from Canada totalled $1,185,555 in value while the imports of petroleum and its products were $47,098,332—an increase of $16,000,000 over 1919.

As to "prospects" of oil in Canada much might be said. In Ontario, despite the gradual drying-up of existing wells there still were indications, in 1920, of an extensive untapped oil reserve; in a small area of the St. Lawrence region there were probabilities of a considerable yield; in New Brunswick the N.B. Petroleum Co. had drilled 70 wells in the south-eastern part of the Province and obtained some small results—latterly the Oil shale deposits of Albert County promised to become of very great value when modern methods of distillation could be adjusted to shale by-products; in Western Canada the oil possibilities of Southern Alberta had attracted the attention of all Canada for a time, but its practical development had been small. It was claimed by experts that the wells so far sunk had not followed geological rules in structure and location and that the foothills of the Rockies were the best part of this region for experimental work.

In the Okotoks field, however, some good results had been obtained with large natural gas wells, rich in gasoline, and the establishment of an up-to-date plant for extraction. The Tar sands of Athabasca were in a different category. The "sands" in reality were beds of ordinary sandstone saturated with heavy asphaltic oil; through part of this geological area ran the Athabasca Valley and River and, on both sides of the river, for a hundred miles, there was an immense exposure of oil—perhaps the greatest in the world; officially, the Department of the Interior, through F. C. C. Lynch, reported bituminous sands, 150 to 200 feet thick, as lying along the Athabasca River for 73 miles. Drawn out by the sun, the tar ran into deep pools. Similar sands were to be found at intervals from latitude 57 degrees to beyond the Arctic Circle. The oil-soaked area was estimated at 10,000 square miles. James White, of the Commission of Conservation, was equally explicit in his Monograph on Fuels of Western Canada issued at this time:

> In Northern Alberta there are enormous tar seepages which evidence an up-welling of petroleum unequalled elsewhere in the world. Along the Athabasca River they extend from Pelican Rapids to Fort McKay, a distance of over 100 miles. The known occurrences indicate that there is in sight at least 6½ cubic miles of bitumen, and the petroleum from which it was derived must have been many times greater. While this enormous amount of petroleum has escaped, there must be untapped reservoirs in the Devonian limestones whence it was derived. Similar seepages occur near the Peace and Mackenzie Rivers.

It was estimated that the "sand" contained 15 per cent. of bitumen and when heated would yield 15 to 25 imperial gallons of oil to the ton; experts computed the oil content of this field at 300,000,000,000 barrels of oil.* No development occurred during 1920, of any specific character, though the crude material had been successfully used at Edmonton as a road surface; there could, indeed, be no doubt of the enormous value and richness of this deposit and its use as pure asphaltic material; transportation was the first essential and this was being realized in a part of the region—with freight rates as the next consideration. There was, also, the possibility of petroleum on some large scale underlying the sands; so far, however, only great reservoirs of natural gas had been revealed by testing, though oil in non-commercial quantities, had been struck. Further west, in the Peace River country active drilling was going on, in this year, with very heavy oil as a tentative result; both the Shell Transport and Anglo-Persian concerns were interested and the region was said to resemble the Taurus Plateau, in Asia Minor, which was so rich in petroleum. Still farther north and west many signs of oil had been discovered in the Great Slave Lake district and the Mackenzie River Basin.

In British Columbia the Fraser Valley had produced some oil, as had the Kootenay region, which latter was known scientifically to have large outputs of carbonaceous limestones which, elsewhere, had proved a prolific source of oil; the Queen Charlotte Islands were found to have excellent shales and cannel coal. To sum up the situation in 1920 it may be said that in New Brunswick 40 gallons of oil could be taken from a ton of Albert shale with possibilities similar to the reality in Scotland; that in the foothills near Calgary, Alta., a five-square mile area was under development with oil produced of 60 per cent. gasoline and the rest kerosine; that in the Peace River district there were 8 wells producing 5 barrels of oil per day; that the Imperial Oil Company, early in the year, had seven parties drilling for oil in Alberta and Saskatchewan; that oil shales were found of great value in the Mattagami region of Northern Ontario while prospectors were working for oil as far north as the shores of

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*Note.—C. L Shaw in *Canadian Magazine* for January, 1921

Hudson Bay and far along the Peace and Mackenzie and Athabasca Rivers.

During 1920 Oil Companies were floated in Toronto to develop certain Western Ontario oil lands while an English syndicate, headed by Sir Stopford Brunton, leased 25,000 acres on Manitoulin Island for purposes of oil prospecting and development; the Anglo-Petroleum Co., with $500,000 capital, underwritten in London, and headquarters at Winnipeg, prepared to operate in the Athabasca region and to sink a large number of wells; R. A. Brooke of the Canadian Geological service, after a prolonged tour and study of Northern Canada, told the Montreal *Star* (Nov. 27) something of the vast petroleum deposits of the Great Slave Lake area and claimed that the Imperial Oil Co., "a direct and very powerful subsidiary of the Standard Oil Co.," was obtaining control of large areas and "seeking to conceal" its real discoveries from the Canadian people; D. B. Dowling, the eminent Canadian geologist, stated in a Toronto speech on Feb. 28 that rich oil shales existed in the Gaspé Peninsula of Quebec and in Nova Scotia, that new pools were being found in Western Ontario which was, geologically, a rim of the great American oil-field, that the northern part of Western Canada was a very promising oil region; much was done in drilling and more in the sale of stocks for the Fraser Valley, B. C., oil prospects.

All through the year there were press references to the oil possibilities in Northern Canada and to exploring work being done there by the Imperial Oil Co. This region was in the District of Mackenzie which had an area of 525,000 square miles and included the Great Slave Lake (10,000 miles in extent) Great Bear Lake (12,000 miles) and the Mackenzie River, 1,500 miles long with part of its great tributary, the Peace River, which was 2,500 miles in length. These possible Oil fields had an approximate area of 300,000 square miles according to the Geological Survey of Canada. At the annual meeting of the Imperial Oil. Co., Ltd., Toronto, on Feb. 26, the President, C. O. Stillman, spoke of the abnormal exchange and business conditions and stated that the supply for their refineries from Mexico was seriously threatened; that they had obtained raw material for the British Columbia refinery from Peru and the balance of supplies from the United States. "In this situation," he continued, "it appears scarcely necessary to report that the Company's campaign for the exploration of all prospective oil areas in this country, upon which they have authorized liberal expenditures in the past, is being prosecuted with redoubled vigour, and to the utmost resources of our organization, to the end that we may secure at the earliest moment a domestic supply of crude oil, which will render the Canadian petroleum industry self-contained, and obviate its dependence on foreign sources of supply. Five drilling rigs are now at work on locations extending north from the international boundary in Southwestern Alberta where an important test is being made of a selected section in that area."

The Imperial Oil at this time had as a subsidiary the International Petroleum Co., of Peru, and a little later in the year it acquired the Tropical Oil Company interests in Columbia and was said to control the Midwest Refinery Co. of Wyoming and another concern in Ecuador. On May 18 permission for the construction of a railway north of the Great Slave Lake to take care of reported oil finds was agreed to by the Railway Committee of the Commons; the capital was $1,000,000 and the promoters were Englishmen of good standing. Early in July a party of influential mining and financial men from Pittsburg and other eastern United States centres left Edmonton for a tour of the Athabasca region; Maj.-Gen. Sir Richard Turner visited the North in July and expressed himself strongly as to the value of the Imperial Oil properties near Fort Norman on the Mackenzie River.

It was on Oct. 16 that news was flashed from Edmonton and all over the world that oil in large and paying quantities had been struck at the Fort Norman location. There had been some production going on for quite a time. A start had first been made by the Company during the summer of 1919; a drilling outfit was transported into the Mackenzie District and established on the right bank of the Mackenzie River about 45 miles above Fort Norman—a post about 900 miles directly Northwest of Edmonton, but more than 1,800 miles distant by ordinary routes of travel. The Company's drilling crew commenced operations in the early Spring of 1920; in July a second drilling crew arrived to relieve the former crew and a geological party also worked in the neighbourhood; during the Summer of 1920 small flows of high-grade oil were reported as having been encountered at depths of, approximately, 200 and 400 feet respectively. Following the Edmonton report Mr. Stillman told the Toronto *Globe* of Oct. 20 that: "On the 25th of August, at a depth of 783 feet, oil was encountered which flowed out of the 6-inch pipe, for thirty minutes, when the well was capped and shut in. Any estimate as to the amount of oil this well can produce is only a guess at present, though we consider this an important strike, and, scientifically, of much value. From a commercial point of view, however, it is not of immediate value, as it will probably be years before it can be made available, in quantities, for the use of the Canadian market."

A little later T. A. Link, Geologist of the expedition, arrived at Edmonton and declared that the season's experiments had absolutely proved the existence of an enormous body of oil-bearing rock in the Mackenzie District compared to which

Mexico and Peru were in a small class. Samples of the Fort Norman oil were brought out by Mr. Link's party for testing and the oil was said to be of a high grade, with a particularly high content of gasoline. It was also announced at this time that the Mackenzie River Petroleum Co., a subsidiary of the Imperial Oil, would apply for incorporation and seek authority to construct a pipe line for the transportation of oil and gas from a point near the mouth of the Rat River at its junction with the Peel, a tributary of the Mackenzie River, to the Alaskan international boundary. By Nov. 25, 36,000 acres of oil leases were fyled in the Grand Prairie land office of Alberta and it was understood that most of these transactions were on behalf of the Imperial Oil Company. On Dec. 20 an official analysis of the Fort Norman samples was made at Ottawa and gave the following percentages: Gasoline, 23·8; illuminating oil, 38·2; light lubricating 33·7; medium lubricating, 4·0. Meanwhile, the Edmonton Board of Trade on Nov. 17 had expressed to the Imperial Oil Co. its appreciation of the Company's policy in this connection and Mr. Stillman had replied that they had already expended about $2,000,000 and had a future programme calling for the expenditure of a great deal more.

This was the great oil event of the year in Canada. There were, however, more than 20 drilling outfits at work in Southern Alberta, and many of them found oil at from 400 to 700 feet though "gushers" were not struck and even that of Fort Norman was not technically in that class—the gushers of great American oilfields ranging in depth from 1700 to 3000 feet. In Canada during this year it was found difficult to get capital to go on with even when oil was struck. The subsidiary product of natural gas was very plentiful in Alberta and there were 33 gas wells in the Medicine Hat district, 21 in that of Bow River and 8 in the Viking region with Pelican Rapids as a new and developing location. This gas pressure, like the Athabasca sands, was of petroleum origin and helped to prove, further, the indications of the Dakota formation which was so very general in the Province. An important incident at the close of the year was the purchase of the Winnipeg Oil Co. with head office in Winnipeg and over 100 branches and distributing stations throughout the West, by the British-American Oil Co., of Toronto. The latter Company was a Canadian concern whose business had rapidly expanded in Eastern Canada during the 18 years of its existence with S. R. Parsons of Toronto as President of the concern. Another incident illustrating the oil shortage was the statement in December that the C. P. R. could not get adequate oil supplies for its ships and locomotives. An Order-in-Council was passed at Ottawa on Nov. 26 limiting the maximum area which could be staked by any one Company, in a specific location, at 640 acres.

The Fisheries of Canada; Resources and Incidents of 1920.

The riches of Canada in its sea and lake fisheries were, in 1920, still far from the possible limits of use and development. They were perhaps the most extensive in the world with only Norway and the British Isles disputing the supremacy in abundance, in excellence or in variety of product. As the Dominion Bureau of Statistics pointed out officially at this time the coast line of the Atlantic Provinces from Grand Manan to Labrador, not including the lesser bays and indentations, measured over 5,000 miles, whilst the sea areas to which this formed the natural basin embraced the Bay of Fundy, 8,000 square miles in extent; the Gulf of St. Lawrence, fully 10 times that size; and other ocean waters aggregating not less than 200,000 square miles, or over four-fifths of the fishing grounds of the North Atlantic.

In addition there were 15,000 square miles of inshore waters, entirely controlled by the Dominion. Large as were these areas, however, they represented only a part of the fishing grounds of Canada. Hudson Bay, with a shore 6,000 miles in length, was larger than the Mediterranean; the Pacific coast of the Dominion was over 7,000 miles in length, and was exceptionally well sheltered for fishermen; whilst throughout the interior of the country there was a series of lakes which, together, covered 220,000 square miles, or more than half the fresh water of the globe—Canada's share of the Great Lakes of the St. Lawrence basin alone amounting to 72,700 square miles.

Production had increased slowly but steadily; $6,577,391 in 1870; $14,499,979 in 1880; $17,714,900 in 1890; $21,557,693 in 1900; $29,965,433 in 1910; $49,321,217 in 1920. In this latter (calendar) year the Fisheries showed a decrease, from the 1919 total, of $7,187,262. The values of the chief commercial fishes were as follows: Salmon, $15,595,970; Lobsters, $7,152,455; Cod, $6,270,171; Halibut, $4,535,188; Herring, $3,337,738; Whitefish, $1,992,107; Haddock, $1,522,680; Mackerel, $1,126,703. Trout, sardines, smelts, pickerel and pilchards ran from $540,000 to $858,000 in value. The capital employed in the Fisheries was $29,663,359 and the number of employees 57,660; the capital in the fish-canning and curing industry was $20,512,265 and the employees numbered 18,499. The Imports for the year of Mch. 31, 1920, were valued at $4,051,882 and the Exports at $42,227,996. The catch of salmon had, as usual, in 1920 the greatest market value; it was, however, smaller than it had been since 1916. In the three years previous the value of the entire salmon industry had been over $17,000,000 each year. Second place amongst commercial fishes had been held by the Cod since 1916 but in 1920 Lobsters usurped this place.

An incident of the year in this connection was the speech of William Duff in the House of Commons on Mch. 28 when he moved a Resolution declaring that fish, being a highly nutritious and palatable article of food, greater production was most desirable and, as the fisheries of Canada were capable of much greater production, it was desirable for the Fisheries Department of the Federal Government to formulate and put into effect a vigorous policy of development. He dealt with the historical side of the fisheries—the severe competition before the War of Sweden and Norway in the markets of New York and Cuba, and the present capacity of Maritime Province fishermen to meet this competition owing to the fact that during the War Canadian merchants on the Atlantic coast, principally at Yarmouth, Lunenburg and Halifax, erected artificial dryers. In these dryers they were able to hard-cure their fish for the Cuban and New York markets, with the result that Canadian Atlantic cod was now supplying the whole demand of those great markets to the south.

He urged the Government to give to the fishermen of the Atlantic coast the trawlers and drifters which were in service during the War and which were now anchored and out of commission, so that they could further develop the Herring fisheries by a method which had brought great results to the fishing industry of Great Britain. He stated that dry codfish from Japan had now definitely entered into competition with the product of Canada and the United States. The Japanese had studied the markets and given closer attention to the best methods of curing and handling the fish than Canadians had done.

Mr. Duff spoke of the various ways by which this industry was helped in other countries—in Great Britain by giving fishermen loans to secure new motor fishing, or equipment, and by supplying existing boats with motors; in Norway by instructing fishermen in navigation, the use of motors, fish working and the natural history of sea fishes; in Imperial Germany by subsidies to herring companies or guaranteed dividends on capital; in France by helping to fit out and send across the fishing fleet which yearly fished on the Grand Banks of Newfoundland and off St. Pierre. In Canada, he pointed out, $3,975,919 was voted in 1918-19 to aid Agriculture; in 1918 only $1,031,767 was voted to Fisheries! The speaker argued against the usefulness of fish hatcheries and urged the cultivation of an increased demand for fish at home and for cured fish abroad; increased production and utilization of all by-products; a Fisheries Department manned by practical business men and scientific experts with sufficient grants to carry on necessary development.

On June 3 and 5, 1920, the 4th Annual Convention of the Canadian Fisheries Association was held in Vancouver with A. H. Brittain in the chair and A. L. Hager of Vancouver elected as President for 1920-21. Among the Resolutions passed was one calling upon the Federal Government to aid in organizing schools of instruction for fishermen. Another recommended that an adequate sum of money be granted for the use of the

Biological Board of Canada to carry out, at the earliest possible date, a thorough and scientific investigation of the deep sea fishing grounds of the Pacific Coast. The status of both the United States and Canada in their international waters was discussed and a Resolution passed calling the Dominion Government's attention to a clause in the proposed Halibut treaty between the two countries which established a closed season for that fish. The formation of an International Scientific Council for Fishery Research was also discussed.

Certain changes in the Fisheries Department at Ottawa took place during 1920 and met with general approval. They involved the appointment of three Chief Inspectors—one for a Pacific Division, one for a Central Division comprising the Prairie Provinces and Northern Territories, and one for an Eastern Division, comprising the Fisheries of the three Maritime Provinces. An important question of the year, as of other years, was the discussion by individuals and associations of ways and means for saving the Fraser River salmon industry. It was generally feared that the Sockeye fisheries of that River, once so famous, had been finally depleted. At the Vancouver Fisheries Convention, John P. Babcock, Assistant B. C. Commissioner of Fisheries, said: "The great Sockeye salmon industry of the Fraser River system has not been destroyed without efforts having been made by Canada to prevent it. Canada throughout has stood for conservation; it has put forth earnest and conscientious efforts to conserve supply and prevent depletion; it has failed for lack of jurisdiction over the entire system. The Fraser to-day is fished out; its present condition is a monumental record of man's folly and greed."

Much of the blame for this condition was laid on the shoulders of the fishing interests of Washington State by Mr. Babcock who pointed out that the State had refused to ratify an agreement prohibiting fishing during 1906 and 1908, which might have averted the result. The only redeeming feature of the case, in his opinion, was the fact that it was not too late to restore the Fraser to its former greatness: "Deplorable as the conditions on the Fraser system are, the runs of Sockeye can be restored by concurrent action on the part of Canada and the United States. It has been shown that in the big years, 1901, 1905, 1909 and 1913, the Fraser River system produced an average pack of 1,927,602 cases of Sockeye, and at the same time afforded an ample supply to seed all the spawning beds. The average catch for the four big years named may again be taken whenever the beds are as abundantly seeded as they were in the brood years that produced those big runs."

But the difficulty, with fishing free to the Americans, was to get an arrangement through for this purpose. The Washington State Legislature had turned down an agreement with Canada in 1908; the United States Senate had thrown out a Treaty between Canada and the United States in the same year; it was considering another Treaty in 1920. The system of rearing fish in ponds, as used by the Bonnyville hatchery, Oregon, was advocated by many British Columbia packers as a means of rehabilitating the salmon industry of the Fraser River. Instead of the existing system under which millions of fry were turned into the river as soon as they were hatched the Bonnyville plan took care of the young salmon until they were old enough and strong enough to protect themselves from their enemies. Definite steps were taken during the year towards the establishment of a Fisheries School on the Pacific Coast while the fishing interests of the Atlantic demanded similar action.

The Dominion Government also endeavoured to facilitate the propagation of the salmon under natural conditions, and the Fisheries Department in 1919 had spent $33,000 in removing obstructions from streams and constructing fairways to enable the fish to ascend to the higher waters where they spawned, and this work was continued in 1920. It may be added that despite the Fraser River depletion, the year's salmon pack brought to the canners the largest sum in history—about $12,000,000. The 62 canneries operating on the coast closed in September and the salmon pack as eventually completed for the year totalled 1,187,616 cases compared with 1,393,156 cases in 1919.

TRANSPORTATION INTERESTS
AND
AFFAIRS

The Railway Situation in 1920: International Difficulties and Conditions.

The War brought about as great a revolution in railway conditions and in popular points of view regarding transportation problems as it did in political and economic thought. Demands for increased wages and shorter hours and the growing burden of costs in every part of a railway system were inevitable accompaniments of the War and reconstruction period in Canada, as elsewhere; the need for higher freight and passenger rates was complementary to the other conditions; the coming of the motor-car and truck into more and even wider spheres of use was a vital development of the time as was the increase in electric lines and, in Canada, the turn of popular thought to new developments in waterways and canals.

Out of these conditions came financial difficulty to some railways in Canada and to nearly all railways in Great Britain and the United States; with them had come the war-time Nationalization of railways for war services or under war conditions and the proposed adaptation of the principle to days of peace or reconstruction. In Canada and the United States, railways had always received much State assistance. The Dominion, up to June 30, 1919, had granted 32,361,208 acres and the Provinces 12,286,915 acres to different railway projects; the Dominion and the Provinces had guaranteed bonds up to the same date of a total of $360,684,581 executed—of which $344,672,933 had been earned; the Dominion, the Provinces and municipalities had given cash aid to railways totalling $275,163,228. In the United States land grants to Railways during 1850-62 were made indirectly through State governments and in 1862-71 directly from the National Government to a total of 160,000,000 acres*. American railways were also given the right of "eminent Domain" or power to force the sale of property for roadway purposes.

Before the War came, however, railway rights and powers in the United States had been greatly restricted as in Canada, and the way was made easier for the assumption of Federal control at the beginning of 1918. Conditions were not good although, on the surface, many lines were making money. Lack of co-ordination in policy or practice, confusion in competition and management and terms of business relationship, restriction by Government of the power to raise rates when considered necessary (1910) had all created a disorganization in the huge transport system which culminated in the times of leaping business and increased demands before and after Dec. 31, 1917. During the succeeding 15 months of Government operation the deficit was variously calculated—depending upon the charges included—as $418,000,000 to $440,000,000; only six out of 48 railways earned, in the year ending Mch. 31, 1919, anything in excess of the Government's pledge as to compensation for taking them over and all the rest showed deficits totalling hundreds of millions.

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*Note—Railway Transportation. By Prof. C. Lee Ruper of the University of North Carolina.

When the Government control terminated on Mch. 31, 1920, the record of the railways had been one of extreme difficulty and financial disability for which the public had not been prepared as the total surplus in the two years, 1915 and 1916, was $448,000,000. The estimated return of investment for all United States railways averaged on Dec. 31, 1919, 2·63 per cent. as against 6·17 per cent. on Dec. 31, 1916—according to the National City Bank of New York *Monthly*—while the Railways owed the United States Government $306,000,000 over and above the Government indebtedness to the railways. During this period the difficulties had been enormous—the cost of coal during 1918, for instance, increased by $170,000,000, the wages of 2,000,000 men advanced by $874,000,000, the cost of crossties and certain other material increased by $80,000,000. The Government was able to abolish a lot of duplication in services, to do away with competition in certain business lines, to eliminate many unnecessary trains, to reduce operating forces and to shorten freight routes. There was, however, a distinct loss in standards of plant efficiency and, it was claimed, in staff service and *morale*.

By the U.S. Transportation Act, 1920, the Federal guarantees were extended for six months and large powers of control as to rates and terminals and mergers, etc., were given to the Interstate Commerce Commission; the Railways, in re-assuming control of their properties found requirements, as the Director-General (W. D. Hines) pointed out on his retirement, for essential new equipment totalling $600,000,000. In addition, there was on, nearly all railroads, need for great enlargement of terminals, generally in costly localities, modernization of shops and engine-houses, and construction of additional facilities with demands for additional trackage, construction of heavier bridges to admit of the use of heavier power, reduction of grades and curves, and installation of safety devices and other remedial construction. The *Railway Age*, Washington, stated that it would require a railway investment of $6,000,000,000 in the next three years to catch up on shortages, make good deterioration and be really adequate to the needs of the country.

These conditions and facts are important here because of the influence of large agitations, or conspicuous Government experiments in the United States, upon Canadian opinion and public policy. The situation in which the American railways found themselves in 1920, after two years of Government control and war made inevitable large Government loans and an increase in rates which Canada considered it necessary to follow. Elsewhere difficulties were equally great. It was estimated that during the War 55,000,000 additional tons were thrown on the Railways of the United Kingdom because of the reduction in coastwise shipping; since 1913 $500,000,000 had been added to the yearly wage bill of the railways or 225 per cent., with total wages paid in 1919-20 of $735,000,000 and an estimated deficit for 1920-21 of $710,000,000. The proposals of Socialists and certain Labour interests were along lines of Government ownership following the war-time system of control; the plan of a man like Sir Eric Geddes, when Director of Transportation, was a united, co-ordinated, effort to eliminate unwise competition, waste of capital in construction of unnecessary lines, and waste of revenue in improvident reduction of rates or running of unnecessary trains. He wanted to see, for England, six independent group systems each covering about 3,000 miles and in the United States about 20 such systems each covering about 12,000 miles. Speaking in London on Mch. 22 Sir Eric advocated a policy of part Government control and part independent management:

> None of the transport agencies of this country can carry on upon the basis of their pre-war revenue. This applies to railways in a marked degree, and it applies also to roads, canals, tramways, and docks.
>
> The maximum charges which can be imposed by statutory undertakings are no longer sufficient, and the community must review the whole position.
>
> The old bargain must be altered to enable the Companies to raise more money; but to avoid waste there must be more co-operation between the agencies, more amalgamation, more national control.
>
> The man in the street must be provided with full, accurate, statistics of operations, without which suspicion will never be dispelled.
>
> The community has a right to say what is a reasonable service for a statutory company to perform; what reasonable improvements should be made; and what reasonable rates should be charged.
>
> The State must also harmonize the operation of the different agencies in the interests of the community, allocating to each the share of the total work which it can best perform.
>
> We are on the eve of great extensions of the application of electricity to railway traction; a revolution is taking place in the organization of transport in this country.

The opinion of experts continued to be against Government ownership for Great Britain. As in the United States, the Government found itself, during 1920, involved in a possibility of huge payments to the railways on returning them to private control—as much as $1,000,000,000 being claimed for "deferred maintenance"; it was alleged by them that the Government's period of control (in this case, 6 years) had seriously impaired values and rendered compensation essential. A considerable Labour section wanted Nationalization because they thought it would mean more power in their hands and consequently higher wages;

the 600,000 shareholders in British railway lines, though opposed to the policy, did not object to it so seriously as they did to any continuation of political control without ownership but with constant pressure from Labour unions. Nationalization, however, it was contended, would simply remove that and other forms of pressure from the shareholders to the tax-payers and neither Government opinion nor Liberal sentiment was actually in favour of the policy.

In Canada the experience of these two countries was much discussed—though often without accurate information—as proving the case for or against Government control and nationalization of railways. As a matter of fact, all experiences as well as conditions during war-time were abnormal and deductions from any such experience would be to some extent in a similar category—though this did not apply in all respects. War-time organization and concentration of effort should have brought about the best and most efficient management of which popular Governments were or are capable; such conditions, however, were faced by abnormal costs and almost superhuman demands for traffic-space and travel accommodation and speed transport. To prove or disprove the case for Nationalization requires a study of results in the many countries which have adopted the plan in whole or in part and in peace as well as war. So far as the United States was concerned, Professors E. R. Johnson and G. G. Huebner of the University of Pennsylvania in their book, *Railroad Traffic and Rates*, came to this conclusion from past records of State management:

> We believe the following facts make themselves fairly clear throughout the history of State management: (1) that Government operation of railways has, with few exceptions, not paid all of its expenses; (2) that Government operation, though a burden to the citizens as taxpayers, has not supplied them with particularly excellent service; (3) that Government operation has not been especially cheap; (4) that Government operation, to be efficient, pre-supposes a highly centralized, powerful, intelligently active administration—which the people of the United States have at present no desire to possess; (5) that Government operation is not needed to supply the lack of railway facilities because private capital can alone and unaided do it; (6) that Government operation is not needed to correct the abuses of private operation; (7) that Government operation could have no possible defence except that of political and social ambition—the ambition of the State to become wider, greater, and more powerful in all phases of the life of the people, to perform services which private enterprise under State supervision could perform just as well and perhaps much more efficiently. Its only possible defence would be Socialism.

Whatever the causes—whether denial of increased rates before the War and constant Congressional interference with management in large matters, or war-time Government control and ever-increasing costs of operation, or economic difficulties of a continental nature—there could be no doubt that railway securities in the United States had become a doubtful investment and the difficulties of borrowing money for equipment and improvements so great as to make a Government guarantee of $500,000,000 necessary before operation could, in 1920, be resumed by the owners. On the other hand, economic and national conditions were so altered in all English-speaking countries during the War that certain requirements which developed and threatened to continue in peace-time were claimed to be almost essential to Railway management and to be incompatible with private ownership: (1) priorities on shipment of necessities; (2) export embargoes to conserve food and fuel; (3) diversion of traffic wherever necessary; (4) joint use of terminals and interchange of equipment.

Canadian opinion on the surface had not, up to this time, been favourable to Government ownership of Railways though, during the war years, it had gradually come to accept some such policy as inevitable and latterly, in the case of Ontario's proposed radial railways, to even advocate its adoption. Experience in respect to the Intercolonial had been decidedly unfavourable and the twin dangers of partisan management and financial deficits had been frequently present; yet the Intercolonial, though held up everywhere as a bad example by the opponents of Government ownership, had been built for an express purpose which had nothing to do with profits or questions of Government control; it was evolved and created to help the confederation of Ontario and Quebec with the Maritime Provinces, to establish a Railway line at a safe distance from the American frontier and, incidentally, to pay its way if it could. Moreover, the Intercolonial rates had been fixed and maintained for years below those of other railways because, practically, the people of the Maritime Provinces believed it a part of some unwritten original agreement between the Federal authorities and those Provinces that, if they came into and stayed in Confederation, the road would be operated without reference to interest charges on capital outlay; they believed that the road was born out of purely political conditions and should not be regarded as a commercial undertaking in any sense and that its operation at cost was less than an offset to the free canals of Ontario and Quebec.

The Railways of Canada at the close of 1919 held a powerful place in the economic life of the country. The mileage, including single and second tracks and yard-track and sidings was 50,616 and that of single track alone 38,896; the capitalization included $878,101,113 of stocks, $216,284,882 of C. P. R. consolidated debenture stock and $914,823,515 of funded debt; the expenditure on Government-operated railways, including the Intercolonial, National Transcontinental and some lesser roads, was $354,087,550 for a mileage of 4,260; the passengers carried in the year of June 30, 1919, were 43,754,194 and the freight carried was 116,699,572 tons of 2,000 pounds each;

the traffic handled during the year included 20,135,463 tons of Agricultural products, 20,842,027 tons of Manufactured products, 5,274,216 tons of animals and their products, 41,409,821 tons of Mineral product, 21,254,405 tons of Forest product and 7,783,640 tons of merchandise and miscellaneous.

The gross earnings from operation in 1919 were $382,976,901 or $52,750,000 more than in 1918 and the operation expenses $341,866,509 or $67,000,000 more; the net operating revenue was $41,110,392 as against $56,264,714 in 1918; the average number of employees in 1919 was 158,777 and their total compensation $208,939,994—the average hourly compensation was .484 compared with .331 in 1918 and .288 in 1917; the locomotives in hand were 5,879, the passenger cars numbered 6,512 and the freight cars 217,258 while the fuel consumed by locomotives was 9,451,018 tons costing $52,214,897. On Dec. 31, 1919, the mileage of Canadian railways was as follows:

Canadian National System		13,727
G. T. R.	3,578	
G. T. P.	1,794	
Branch Lines	1,036	
Central Vermont	125	
St. Clair Tunnel	1	6,534
		20,261
C. P. R. and allied lines		14,824
Small Independent Lines		2,063
American Lines and Extensions in Canada		2,284
Ontario Government Roads		328
Industrial		139
Total		39,899

During 1920 further steps were taken in the practical division of the railways of Canada into two great systems—the already established Canadian Pacific Railway with a total owned and controlled mileage of 18,859 and the Canadian National Railways, partially organized as a Government system, of 22,230. The steps in this latter direction, which were approaching finality and completion at the end of the year, were not accomplished without strenuous discussion. It was not a party issue though, of course, details were politically dealt with in Parliament, but it was a distinct issue between the Government and a large class of financial men backed up by C. P. R. opinion and the arguments afforded by its successful operation and management. Mr. R. L. Borden, as Opposition Leader in 1904, had first urged a policy of Government ownership and operation upon the country in respect to the current construction of the Grand Trunk Pacific; as Prime Minister in 1918-19, he believed himself and the country compelled to assume ownership and control of not only the G. T. P. Railway, but of the Canadian Northern Railway; as a result of this policy the Government of Sir Robert Borden carried the constructive preliminaries for the greatest experiment in the world along the line of railway Nationalization.

In Great Britain the Railway Act of 1844 contemplated possible Nationalization and gave Government the right to buy the railways by paying 25 times the average profits but, though long steps were taken in operation and control during the War and afterwards, the Lloyd George Cabinet refused to take any final plunge; this fact and the return of the United States railways to private ownership in 1920 left Canada as the chief practical exponent of the idea—though Australia had long practised it and Germany had operated a considerable mileage with an elaboration of Government control.

Railway statistics for 1920 showed interesting facts which were not made public till the middle of the next year. It proved to be one of the most unfavourable years in Canadian railway history with the ratio of operating expenses to the operating revenues 97·17 per cent., as against 92·2 per cent. for the period of 1900 to 1917 inclusive. According to the U.S. Bureau of Railway Economics, the operating ratio of the American railways was 93·59 per cent. for 1920 and 85·25 per cent. for 1919. The corporate loss of the Government system totalled $71,909,927—including the Canadian Northern with a deficit of $40,501,705, the Government Lines $9,432,054, the Grand Trunk, $4,519,809, and the Grand Trunk Pacific $17,456,359. Canadian roads earned a total revenue from operation of $491,938,857, an increase of $83,340,496 over 1919, but the operating expenses increased from $376,789,093 to $478,002,823, or by $101,213,730. The net operating revenue was $13,936,003, a decrease of $17,873,265. The following statistics covered all Railways in Canada as on Dec. 31, 1919 and 1920:

Particulars	1919	1920
Capital Stock and Funded Debt	$2,036,165,606	$2,088,222,267
Operating Revenues	408,598,361	491,938,857
Operating Expenses	376,789,093	478,002,823
Net Operating Revenue	31,809,268	13,936,003
Tax Accruals	5,554,333	9,553,990
Interest on Debt	54,697,465	59,102,979
Dividends Declared	30,157,307*	29,942,557
Passengers carried	47,940,456	51,306,074
Tons of freight carried	111,487,780	127,388,453

The Canadian National Railways in 1920; Statistical Details and Conditions.

As President of the new C. N. R.—the word "National" replacing the previously familiar "Northern" and applying in 1920 to the old C. N. R., the Intercolonial, the Grand Trunk Pacific and the National Transcontinental—D. B. Hanna was much before the public during the year as the protagonist of Government ownership; the head of a management which had in hand one of the most difficult of all Railway problems—that of co-ordinating previously competitive and rival systems. In his speeches and in comparisons he naturally included at times, the Grand Trunk Railway, but this important element in the National combination was not technically a part of it during 1920 though there were some tentative arrangements of a preliminary nature. As one of the builders of the Canadian Northern, Mr. Hanna's knowledge of the old Line and his experience in that connection was a valuable asset in the current problems of co-ordination.

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*Note—The C.P.R. dividend was $29,227,276.

In Toronto, on Jan. 16, he pointed out that, including the Grand Trunk System, the Canadian National lines would have 22,375 miles of road, or 52 per cent. of the total railroad mileage of Canada, with 90,000 employees: "The gross earnings for the past year, if they had been combined, would total 200 millions. The system,in the future, would own 3,020 locomotives, 3,200 passenger cars, and 120,000 freight cars. The freight handled by the various branches would total 60 millions of tons, while passengers to the number of 22,500,000 should patronize the lines. It was going to be the biggest thing in Canada—bigger than the Government." Politics, however, must be kept out: "We all recognize the supremacy of Parliament. We must go to them when we require money. But I don't admit, and I won't admit, that any Cabinet Minister or member of Parliament should come to any of our Directors and say they want this done, and that done."

During the year his articles in the *National Railways Magazine* were widely reproduced and an occasional speech kept before the country those brighter aspects of the situation which were apt to be clouded over and forgotten in the current tale of deficits and difficulty. An important point mentioned in the August number of the *Magazine* was that while consolidation of ticket offices and staff expenses, direct routing of freight over the shortest haul, increased use of repair shops and equipment, decreased terminal costs and general standardization, with cheapening of material, would combine to make an excellent total of saving from the union of the different railway systems, yet the amount would not be very visible in the vast total of expenditures. He did not make the mistake of over-estimating this saving as Mr. McAdoo did when he took over the United States Lines for the American Government.

Finances of the National Lines. In Parliament on Mch. 30 the Hon. J. D. Reid, Minister of Railways, presented the budget of the National Lines and showed a rather gloomy financial situation. The total operating revenue of these Lines in the year of Dec. 31, 1918, was $81,948,496 and in 1919 $93,731,557; the operating expenses in 1918 were $84,091,050 and in 1919 $107,762,229; the operating loss for 1918 $2,144,550 and for 1919 $14,020,671 or a total of $16,165,223. The chief part of the operating increase was due to wages and adaptation of the McAdoo Award to Canadian railways. Adding the fixed charges payable by the

Government to the above operating deficit the total for 1919 was $48,242,536. After referring to the operating revenues of National Railways for the year as being $93,000,000, the Minister stated that the wage bill, owing largely to the McAdoo Award, was $73,000,000 so that out of every dollar earned by the railways 78 cents passed in wages to the employees.

New construction in 1920, Dr. Reid said, would be confined to Western lines but no more work would be done on the Hudson Bay Railway till financial conditions had changed—as to which various Western members, in following, suggested that work should also stop on such Eastern projects as the Trent and Welland Canals. For the year ending Dec. 31, 1920, the operating losses were much larger.* For the Canadian Northern and other Government lines they totalled $26,708,456 and for the Grand Trunk Pacific (running from Winnipeg to the Coast) which was added to the System on Aug. 23, the deficit was $10,134,513. To this total of $36,842,970 there had to be added, and indeed in 1918 and 1919 also, the fixed charges of the Canadian Northern, which had been assumed by the Government, to a total of $24,155,988 and those of $9,332,776 on the Grand Trunk Pacific, or a total deficit for 1920, alone, of $70,331,734. Interest and fixed charges on the National Transcontinental and I. C. R. were not included; the mileage included was much greater than in 1919 with the Quebec and Saguenay, the St. John and Quebec and the G. T. P. added, making a total of 17,054 miles. The statistics of 1919 and 1920 for the Canadian Northern, Government and G. T. P. Railways, were as follows:

Canadian National Railways	1919	1920
Gross earnings	$105,036,176	$125,141,752
Operating Expenses	125,349,797	162,484,722
Operating Deficit	20,313,620	36,842,970
Fixed Charges	27,928,925	33,488,764
Total Deficit	48,242,536	70,331,734

The estimated deficit of the officials of the Canadian National Railways in 1921† was $60,822,720; the votes of Parliament in the 1920 Session for locomotives, freight and passenger cars for the service of these lines was 4,901 in number; the cost of locomotives between 1915 and 1920 had increased from $24,000 each to a total varying between $61,000 and $72,500, of standard sleepers from $28,250 to $49,500, of dining cars from $25,050 to $46,000 and of general service freight cars from $1,346 to $3,250 —and so in other lines. Similar costs and similar conditions faced the United States railways during this year with, also, very large deficits. The equipment of the National Railways (omitting the G.T.P.) on Dec. 31, 1920, included 1,688 locomotives with 1,884 passenger cars, 64,646 freight cars and 34,277 work cars, or a total of 70,807 cars; the increased expenses were well illustrated in the pay-roll for 1920 which included an addition of $13,277,530 due to adoption of the McAdoo Award and its application to 87,503 employees; the passengers carried on the Canadian National during 1920 totalled 12,733,101 and the tons of freight were 27,504,796; the number of passengers carried one mile was 757,848,774 and the tons of freight per mile 8,048,975,689; the average haul per passenger per mile in 1919 was 71·24 and, in 1920, 59·51 while the average per ton of freight was 295·45 and 292·64 respectively. Taking the Railways separately the operating deficit of 1920 on the National Lines was as follows:

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*Note—Hon. Dr. Reid's address in Commons, Mch. 17, 1920.

†Note—Ibid

Canadian Northern Railway		$16,258,579.80
Canadian Government Railways		10,449,876.43
Divided as follows:		
Intercolonial Railway	$6,549,629.48	
P. E. Island Railway	729,772.16	
Transcontinental	2,780,359.46	
Moncton & Buctouche Railway	43,800.68	
Elgin and Havelock Railway	47,518.25	
St. Martins Railway	60,305.39	
York and Carleton Railway	21,317.39	
Salisbury and Albert	88,033.60	
Lothbiniére and Megantic	20,413.49	
Caraquet & Gulf Shore Ry.	29,329.87	
Cape Breton Railway	14,621.65	
Quebec & Saguenay Railway	13,189.84	
Hudson Bay Railway	51,585.17	
Grand Trunk Pacific Railway		10,134,513.94
Total Operating Deficit		$36,842,970.17

The Canadian Northern Railway in 1920. The 6th Annual Report of the Canadian Northern Railway System as a distinct unit of the National Lines covered the calendar year 1920 and was signed by D. B. Hanna, President; it showed gross earnings of $68,541,393, working expenses of $84,265,268, a Deficit of $15,723,874 with Interest charges of $24,319,956 or a total Deficit of $40,043,830—the total mileage operated at the end of the year was 9,868 or an increase of 183 miles and the average operated during the year was 9,788 miles; there was an increase in Operating revenue of $13,133,221 made up of $9,874,394 in Freight traffic, $1,919,138 in passenger traffic and $1,339,688 on other traffic—due in part to additional business and in part to the increased rates which were operative on Sept. 13, 1920; the increase in Operating expenses was $22,919,956 of which one-half was on account of wages—in average application they had increased per employee from $713 in 1915 to $1,197 in 1918, $1,330 in 1919 and $1,633 in 1920; the cost of operation, measured on a train-mile basis, had increased from $1.34 in 1915 to $2.65 in 1918 and $3.99 in 1920. Such advances in expense, Mr. Hanna pointed out, were only offset in small part by the increased rates:

The operating ratio of all Railways operating under similar conditions has increased until the situation is giving cause for serious concern all over the continent. Canadian Railways, as the Chief Commissioner of the Board of Railway Commissioners has said, are interlocked with and interdependent on U. S. Railways to an extent that affects every branch of the service, both mechanical and physical, as well as the employees. The passenger and freight rates in the two countries, measured by the money received per passenger and per ton mile, have been at much the same level for years, and the wages are practically standard. Canadian Railways, however, pay more for their coal, for iron and steel products and for other important items of supply and for rolling stock and motive power, from 30 to 35 per cent. higher, so that the general cost of operation, particularly when weather is considered, is greater in Canada.

The Land sales for the year were 84,002 acres at $1,738,801, additional car-trust obligations were created to the extent of $45,000,000, while repayments of $5,919,000 were made and new equipment totalling $22,058,272 was ordered; construction proceeded only on Western extensions commenced before the War and the Canadian Government Merchant Marine was reported as making excellent progress. Mr. Hanna went on to refer to some of the difficulties which this, the Canadian Northern part of the National System had to specially face: "Having a very extensive transportation system, it has not sufficient density of traffic to enable the business to be handled in large units while having to fully maintain the roadway structures and equipment. It, therefore, is unable to benefit fully from its excellently located lines, its low grades and other physical advantages that give the property a capacity much beyond the traffic offering. When traffic develops as everything in the pre-war period indicated, the National Lines will come into greater use, and economies of operation not now practicable will be made possible." Much of the Railway had been built with colonization and immigration expectations which were shattered by the War and the national conception of its promoters could not now be realized until normal conditions returned. The following table was given to show the development which, in spite of these difficulties, had taken place:

Fiscal Year	Average Miles Operated	Revenue Tons Carried	Revenue Ton Miles per mile	Average Distribution Freight	Passengers Carried	Passengers Miles per mile
1915..........	7,269	10,536,769	296,998	212,203	3,961,787	28,486
1916..........	8,048	12,930,460	481,135	297,191	3,859,844	28,413
Calendar						
1917..........	9,433	13,834,676	463,707	312.86	4,503,958	31,425
1918..........	9,452	13,389,641	425,443	302.59	4,144,965	30,477
1919..........	9,636	12,439,314	425,472	325.26	4,925,547	36,256
1920..........	9,788	14,504,411	485,169	323.18	5,468,352	40,139

The total deficit of the Canadian Northern on Profit and Loss account at Dec. 31, 1920, was $50,140,977 and the recorded Assets were $743,928,303 including investments in property, road, equipment and acquired securities of $632,392,611; Cash and Victory bonds held in respect to construction sinking funds and special accounts of $12,615,692; Lands unsold and valued at $18,110,573, and Current Assets of $60,991,294 with other lesser amounts. The Liabilities included Common stock of $100,000,000 long-term Funded Debt of $343,489,240, Demand and short term Loans of $48,834,784, indebtedness to the Dominion of Canada $233,800,738 and current liabilities of $43,149,383 with some lesser totals.

Politics and the National System. An important incident occurred toward the close of the year in respect to an intimation from Mr. Hanna and the Directorate of the National Railways that employees must not take an active part in politics; it was stated at this time that G. H. Palmer, M.L.A., at Winnipeg, was a train despatcher on the C.N.R., Charles Harrison, M.P., an employee of the C.P.R., A. E. Moore, M.L.A. for Springfield, Man., a painter in the C.N.R. shops at Winnipeg, and James Higgins, who was a candidate for the Ontario Legislature in Toronto during September, was a boiler-maker in the C.N.R. shops at Leaside. The issue arose through a Labour party official in New Brunswick telegraphing Mr. Hanna on Sept. 23, as follows: "Have you any objection to any C.N.R. employees becoming candidates for the New Brunswick Legislature and, if so, could you give reasons?" The reply was forwarded on the 25th: "Under no circumstances can employee continue as such with the Canadian National Railways and become a candidate for Legislature—Provincial or Dominion. The moment he does he automatically severs his connection with the Railway. The reasons are too obvious for discussion."

The matter created wide discussion as it seemed to many to be the first test of a non-partisan National system. According to an Ottawa despatch of Oct. 22 Hon. G. D. Robertson, Minister of Labour, was asked about the subject and replied that: "The Government has nothing to do with the management of the Canadian National Railways. The Labour men should take the matter up with President Hanna, who is in charge of the System." He was reported to have added that civil servants were not permitted to enter into politics, but that employees of the Canadian National System were not civil servants as the System was not a Government Department. In the past, however, employees of the Intercolonial and other Government railways had been forbidden to enter Provincial or Federal politics on pain of automatic dismissal and, after each Federal election, there were generally a number of dismissals from the Service for participation in political activities. In the discussion, which followed, the comment of the Toronto *Star* (Oct. 30) stood out as strongly favourable to Mr. Hanna's viewpoint:

> It is clear to anyone who considers the case that Mr. Hanna, with a railway system of many thousands of miles, stretching through all

the Provinces, would inevitably find himself involved in all sorts of difficulties if no general ruling on this subject were given out. The only safe course is to make a general rule applicable to the entire system throughout Canada and to all employees, great and small, in the Service. They are in the railway business; they have their work cut out for them. If they want to enter upon a career in politics and aspire to sit in any Legislature or Parliament their resignations take effect with their acceptance of a nomination. This does not prevent a man going in for a political career. It merely means that a career in politics and a career in the National Railways cannot run concurrently.

Mr. Mackenzie King, Liberal leader, denounced these instructions at a meeting in Dauphin on Nov. 3rd. About this time Messrs. Moore and Palmer were called before their Superintendents and notified that they must resign as members of the Legislature or be dismissed from the service of the National Railways; they refused to do so and were dismissed while, in Toronto, Mr. Higgins, about ten days before the election, was told that his acceptance of a nomination had automatically resulted in his dismissal from the service. Strong protests from Railway employees everywhere followed and the Winnipeg District Command of the G.W.V.A., of which Mr. Moore was President supported his attitude and, by Resolution, requested "suspension of the ruling until the Government have issued a pronouncement in the matter." The Prime Minister (Mr. Meighen) was written to by the General Secretary of the G.W.V.A. and replied, on Nov. 28, as follows: "The action taken by the Directorate of the Canadian National Railways was in no sense taken at the instance of or by any information from the Government. The Directorate took the view that this was a matter within their purview, only, as Directors."

The Toronto *Globe* of Nov. 19 took the same view as the *Star* did earlier in the discussion: "Employees of the Canadian National Railways are as much employees of the Government or the Canadian people as are civil servants. Why assert a claim which would be denied to other classes of public servants? It is not in the interest of the people's Railway that its employees, paid by the public to serve all citizens alike, shall be identified with any political party in the role of candidates." In the keen debate which followed, the Government did not distinctly back up Mr. Hanna and, finally, the Minister of Labour assented to the demand of Labour interests for a Board of Conciliation under the Industrial Disputes Act; the employees of the C.N.R. selected David Campbell, Regina, as their representative, the Railway refused to name one and Mr. Robertson, as Minister of Labour, appointed F. H. McGuigan, Toronto, to represent the National Railway management; as these two members did not choose a Chairman, the Minister appointed J. M. Godfrey, Toronto to act.*

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*Note—The Conciliation Board decided early in 1921 that the C.N.R. employees were not, technically, civil servants and were officially unaware of the Management's policy in this respect.

Meanwhile, various Railway employees' organizations had held a Conference with Mr. Hanna on Dec. 3rd but he refused to recede from or modify his position. A month earlier in speaking to the Traffic League, Toronto, (Nov. 3rd) Mr. Hanna had been very explicit in reference to political interference in the National Railways: "Surely a property, which, when co-ordination has been completed, will control over 22,000 miles of railway, ought to be allowed to work out its own salvation without political interference. If ever the people of Canada are going to allow politics to interfere with the management or workings of the National Railways, we might as well place the inscription 'Failed' over the portico of our headquarters. A man cannot serve two masters. We pay our employees to work, and not for political agitation."

To the press on Dec 28 he again spoke strongly: "The Board of Directors of the C.N.R. accepted office on the distinct understanding that politics would have no place in the administration of the Railways. We are standing strictly on that declaration. To try, therefore, to camouflage the situation by asking for a Board of Conciliation to deal with certain men who have been dismissed because of their participation in politics and to disregard the main question of Shall or shall not an officer or an employee of the Canadian National Railways be permitted to enter the political field and at the same time retain his position with the Railway Company—is very much like drawing a herring across the trail."

Acquisition of the Grand Trunk Railway. Meantime, on Aug. 23, the Grand Trunk Pacific Railway lines from Winnipeg to Prince Rupert, with a mileage of 2,732 had become part of the National Railway System. Its operating revenue in the calendar year 1919 was $11,294,617 and in 1920 $14,408,549; the Operating expenses in these years were $17,587,567 or a deficit of $6,292,940, in 1919, and $24,543,063 or a deficit of $10,134,513 in 1920; the train mileage in 1919 was 4,017,923 and in 1920, 4,792,470; the equipment on hand Dec. 31, 1920, included 305 locomotives, 354 passenger cars, 14,597 freight cars and 1,582 work cars. The details of G.T.P. expenses in three calendar years indicate the causes of the deficits:

	1917	1918	1919
Freight tonnage	3,321,921	3,144,222	3,007,083
Pay rolls	5,244,640	7,959,417	9,510,999
Supplies, maintenance and equipment	2,330,793	4,794,488	5,251,895
Transcontinental shops	487,877	797,938	869,944
Material	37,276	45,487	60,631

Other lines added to the C.N.R. in 1920 included the Lotbinière and Megantic Railway, 29 miles, purchased and put into operation on April 1st; the Caraquet and Gulf Short Line, 80 miles, purchased and put into operation on June 1st; the Cape

Breton Railway purchased and put into operation on July 1st. The following lines had construction completed and were taken over for operation: Quebec and Saguenay Railway, 62 miles; Speddon and St. Paul Junction of the Canadian Northern, 98 miles; Eaton to Asask, 33 miles and Speddon to St. Paul de Métis, 22 miles. As to the other and larger lines forming part of the National System it may be said here that for the year ending Mch. 31, 1920, the total cost to the country of the Intercolonial was, to date, $140,991,709 with gross earnings for the year of $28,356,584 and working expenses of $30,703,663 or a deficit of $2,347,078; that the Prince Edward Island Railway had a total cost of $12,749,112, gross earnings for the year of $921,456 and working expenses of $1,543,858; that the National Transcontinental, running 2,006 miles from Moncton to Winnipeg, cost $166,698,645 with gross earnings of $11,647,082 and working expenses of $14,632,451. In this fiscal year the National Railways ran special trains to accommodate 144,575 troops returning from overseas and in addition, 100,788 were transported on regular trains. During the same period 13 special trains were run for the handling of 3,270 invalid soldiers and 69 special trains were required to handle 47,075 Coolies.

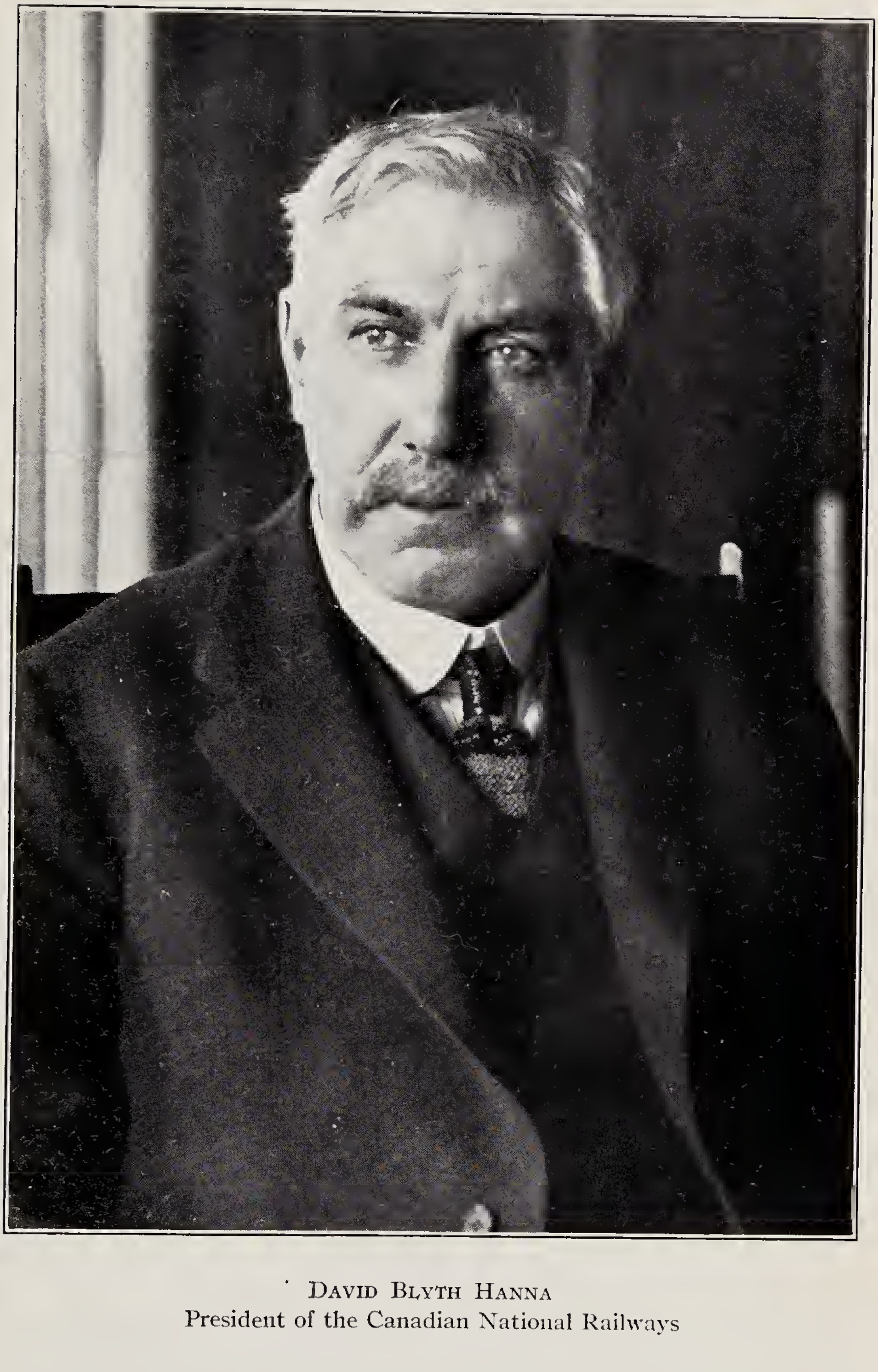
The final stages in the Government acquisition of the Grand Trunk Railway were carried out early in 1920 when the Agreement of 1919, approved by the Canadian Government and the Executive of the Grand Trunk Company, was presented to the Shareholders of the latter in London for acceptance. This was done on Feb. 19 when Sir Alfred W. Smithers, Chairman of the Company, submitted the proposals to a dissatisfied meeting which yet felt that they must and should be accepted—that, in fact, there was no other alternative under the circumstances. Sir Alfred voiced this feeling in his circular letter convening the meeting in which he pointed out that the state of Railway finance and working brought about by the War showed features common to the United States, Great Britain and Canada—though the United States had saved shareholders from loss by guaranteeing the Companies an average income for three years. The British Government also at the beginning of the War saved the British shareholders by guaranteeing the income for 1914, but no such assistance, he stated, was given by the Canadian Government to Canadian railways:

> All through the negotiations the Canadian Government persistently pressed the liabilities of the Grand Trunk for the Grand Trunk Pacific as the chief reason for acquiring the Grand Trunk on very moderate terms. It can be at once stated that leaving out all other considerations, the increase of expenses without an adequate increase in rates has greatly aggravated the Grand Trunk Pacific position in relation to the Grand Trunk. When the Government of Canada becomes the owner of the great system that it will have when it acquires the Grand Trunk Systems, it can speedily bring such re-adjustment of rates into being as will permit of a fair return on the capital invested.

The Board, in sending out this document and in the preceding negotiations, had maintained that the Grand Trunk Pacific was entitled to the same consideration as the Canadian Northern Railway, in the terms of its acquisition, and that if the Grand Trunk Railway itself had been allowed to charge reasonable rates for freight and passengers, it could not only have paid its own way but in all probability have prevented the G.T.P. from going into the hands of a Government receiver. Sir A. W. Smithers at the Shareholders' meeting put the matter fully and clearly before them from their standpoint as shareholders. The speech was somewhat misrepresented in cable despatches and, though explicit in condemnation of the Government's policy, was moderate in its terms. Sir Alfred first pointed out that the Grand Trunk was the pioneer railway of Canada and that it had passed through all the many vicissitudes of 67 years, relying entirely upon its own resources, except for the sum of £3,000,000 advanced by the Canadian Government about 50 years before this time to assist in building the line to Portland, Maine, so as to furnish Montreal with an open winter port. This assistance of £3,000,000 in 67 years compared with about £70,000,000 received from the Canadian Government by the Canadian Pacific in 37 years and about £60,000,000 received by the Canadian Northern in 20 years.

He referred, briefly, to the negotiations based upon the letter of Mr. Meighen (July 11, 1918) which provided that the Government should take over the Grand Trunk Pacific and branch lines, and the Grand Trunk Railway, and acquire all assets and assume all obligations of both Companies and that the guaranteed stock should be treated as a fixed charge, that a Board of Arbitrators should be appointed to determine what compensation should be awarded to the first, second and preference and ordinary stocks on the taking over by the Government. He spoke of the difficulties facing them in these negotiations and declared that (1) "there were influential men in Canada who thought the policy the Government should pursue was to let us alone, and that the weaker we became the easier we could be dealt with, and (2) that we should meet every order issued by the Canadian Railway War Board to increase wages, by immediate compliance, notwithstanding that no increase of rates to meet the increased expenses was allowed." The following summarized defence of the position of the G.T.R. at this juncture may be given in Sir Alfred's own words but taken from an elaborate and detailed statement:

1. *Wages and Rates.* In each of the three years 1917, 1918 and 1919, in consequence of being compelled by the order of the Canadian Railway War Board to grant increased wages without sufficiently increased rates, the shareholders lost on the average at least between £1,250,000 and £1,500,000 in each of those three years, which they ought to have received in dividends.



DAVID BLYTH HANNA
President of the Canadian National Railways

2. *G.T.P. Liabilities.* The fact is, even if these liabilities had been enforced, we should, with the requisits increase of freight rates, have earned sufficient in 1916, 1917, 1918 and 1919 to have taken care of our Grand Trunk Pacific Liabilities. It is true, had we done so, we could not have paid the dividend on the preference stocks, but we could have retained our credit, we could have been a going concern on a fair commercial basis, and the equity in all future developments would have been ours.

3. *Origin of G. T. P.* The late Mr. Hays originally had it in his mind to build the Grand Trunk Pacific from North Bay to the Pacific Coast. Had this project been adhered to, not a mile of unnecessary line would have been constructed, but under strong political pressure it was decided to extend the line to Quebec and, finally, under further political pressure, to Moncton, the junction point for either of the ports of St. John or Halifax.

4. *Competitive Construction.* In the subsequent years—and this is very important—the Canadian Pacific Railway was allowed to build branches and extensions right into the new territory the Grand Trunk Pacific was designed, with the consent and at the desire of the Government to serve, but the Canadian Northern was not only allowed, but was actually subsidised year after year by the Canadian Government to build lines competing with and paralleling the Grank Trunk Pacific. The result was an enormous increase in the cost of the National Transcontinental and of the Grand Trunk Pacific over and above the estimates of cost when the projects were introduced into parliament.

There were only a few dissentients to the passage of the Resolution accepting the Agreement, so far as the vote was concerned; verbally, there were some strong expressions of dissatisfaction. On Mch. 8, 1920, a formal Agreement was signed by the Government and the Company and afterwards ratified by Parliament, which corrected certain errors in the main Agreement as accepted by Parliament in 1919 and dispensed with a second meeting of the Grand Trunk shareholders to ratify this additional arrangement. Following this came the announcement that a Committee of Management had been appointed by the Dominion Government and the Grand Trunk to administer the Railway and to co-ordinate its system with the Canadian National Lines. According to the Agreement the functions of the Managing Committee were to ensure the operation of the Grand Trunk System (insofar as it was possible to do so) in harmony with the Canadian National Railways—the two systems to be treated in the public interest, as nearly as possible, as one system. No contract or agreement was to be made by the Grand Trunk Railway, or by any Company comprised in its System other than was necessary for the usual and ordinary business of the System, except with the concurrence of the Managing Committee and approval of the Governor-in-Council: "The Managing Committee may, with the approval of the Governor-in-Council, borrow from the Government, on Grand Trunk notes, or other obligations or securities, approved by the Governor-in-Council, for the carrying on of the operation and improvement of the Grand Trunk System. The Committee shall continue to act until the preference and common stocks are transferred to or invested in the Government, when it shall be discharged."

The Committee finally selected was as follows: C. A. Hayes, Vice-President in charge of traffic, Canadian National Railways, S. J. Hungerford, Assistant Vice-President in charge of operation and maintenance, C.N.R., for the Government; and Frank Scott, Vice-President and Treasurer, Grand Trunk Railway, and W. D. Robb, Vice-President in charge of transportation and maintenance, G.T.R., for the latter. These four elected Howard G. Kelley, President Grand Trunk Railway and Grand Trunk Pacific Railway as fifth member and Chairman. The preference and common stocks were not to be transferred to the Government until their value had been decided by the Board of Arbitration which the Government would appoint. This Board, as finally constituted, was made up of Sir Walter Cassels, Judge of the Exchequer Court, (Chairman), Rt. Hon. Sir Thomas White, K.C.M.G., and the Hon. W. H. Taft, ex-President of the United States. It may be added that during September and October the members visited Toronto, inspected the American part of the Grand Trunk System as far as Chicago, proceeded to Winnipeg and traversed the G.T.P. to Prince Rupert, B.C.,—accompanied by a party of railway and technical experts.

Official figures issued from the Domonion Bureau of Statistics late in the year stated the capital stock of the Grand Trunk Railway on Dec. 31, 1919, as being $241,237,589 and the Funded Debt $210,448,407 or a total of $451,685,996; the Operating revenues as $68,559,489 and Operating expenses $59,881,123; the net Operating revenue as $8,678,365 which, after deducting Tax accruals and Interest on Debt, left a net corporate income of $4,905. Similarly, the capital stock of the Grand Trunk Pacific and Branch Lines was $25,944,000 and the Funded Debt $190,568,540; the Operating revenues were $11,291,602 and Operating expenses $17,564,047 with a net corporate loss of $12,430,354. The single track mileage of the Grand Trunk under operation was 3,563, the tons of freight carried were 23,277,063, the tons carried one mile were 4,559,562,033, the passengers carried numbered 11,609,985 and those carried one mile 559,257,832, the salaries and wages paid totalled $42,450,753—compared with $87,416,939 for the C.P.R., $39,942,399 for the Canadian National and $30,448,150 for the Canadian Government lines.

As to the financial situation of the Railway at the time of purchase and during 1920, the Minister of Railways (Hon. Dr. Reid) was authority for the following data*—secured through expert auditors and covering operations for the years 1919 and 1920. After providing for operating expenses, tax accruals, income deductions, etc., the amount available for interest and dividends was, for 1919, $11,164,035; for 1920, $5,692,300. These amounts were available to meet interest and fixed charges on the following: 4 per cent. and 5 per cent. debenture stocks of the Grand Trunk, interest on all mortgage bonds of the Grand Trunk, interest on all mortgage bonds of the Grand Trunk Western, interest on all mortgage bonds of the Central Vermont, interest on secured notes of the Grand Trunk Railway, interest on equipment notes of the three Companies, interest on guaranteed stock and 1st, 2nd and 3rd preference stock. Out of the above amounts, the Railway was able to meet in 1919 the interest on their fixed charges, but not on the share capital which included the 4 per cent. guaranteed stock, 1st, 2nd and 3rd preference stock, and ordinary stock. In 1920 the Company fell short $6,563,091 of meeting interest on fixed charges. At the same time the management had to pay $3,635,000 to the employees for back pay between May 1st and Sept. 1st, when no increases for freight rates had been allowed.

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*Note—Speech by Minister in Commons on Mch. 17, 1921.

Incidents of the year, in respect to the National Railways included the appointment of William Phillips as European Manager of the C.N.R. with headquarters in London and charge, also, of the National Merchant Marine; of S. J. Hungerford as Vice-President of the C. N. R. in charge of Operation and Maintenance; of J. R. Cameron as Assistant General Manager with headquarters at Vancouver and jurisdiction over G. T. P. Lines between Edmonton and Vancouver; and of H. H. Brewer as Assistant General Manager with jurisdiction over G. T. P. Lines between Winnipeg and Edmonton. M. H. MacLeod was appointed Vice-President in charge of Operations of the Canadian National Railways. These appointments did not touch the Grand Trunk which was not during the year, an operative part of the System. In December, however, the joint management Committee, through President H. G. Kelley of the Grand Trunk, submitted a Report covering economies effected by the Committee in the co-ordination of the operation of the Grand Trunk and Canadian National Systems up to Nov. 30.

Although much had been accomplished in the process of consolidation, there were stated to be matters still under consideration in connection with which there were legal or physical difficulties to be dealt with before parallel trackage could be abandoned or more direct connections established. Capital expenditure connected with the consolidation of facilities to date amounted to $508,473 and would result in a saving per annum estimated at $965,755. In addition there was a credit to capital account of Canadian National Railways from salvage of $338,000. A Grand Trunk incident of the year was a Conciliation award (June 8) in its dispute with station, yard, and office employees under which an amount of $1,000,000 was added to the Company pay-roll. Other incidents of the year included the debate in the

Commons on Apr. 26 as to the right of members to ask and receive railway information which it was deemed unwise to give. Dr. Reid, Minister of Railways, declared that all reasonable information would be given, or obtained from the management, but: "If you are going to force the management of the Government-owned Railways and Merchantile Marine to answer through a member of Parliament questions which they have been compelled as a plain matter of business to refuse to answer direct to interested persons, then I say you are going to destroy public ownership at the outset. And I want to say that such unreasonable questions as I have referred to are not going to be answered in this House, so long as I am Minister of Railways."

On May 16 W. A. Read & Co., of New York, gave out particulars of the National Railway loan of $15,000,000 which was issued at that time—15 year, 7 per cent., sinking fund, equipment trust, gold certificates. On May 14 and again on June 25 F. S. Cahill (Pontiac) made bitter attacks in the Commons upon the C. N. R. and its management following a speech on the same lines to the Reform Club, Montreal, on April 17. As to the future of this new and large combination, D. B. Hanna stated on Mch. 6, 1920, that "for the first year the gross earnings of the National Railways, as completed, will employ 90,000 persons, it will have 3,100 locomotives, 3,250 passenger cars, and 123,000 freight cars. Predicated upon last year's business, the System will handle not less than 60,000,000 tons of freight, and 22,500,000 passengers. Over 50 per cent. of the railway traffic that originates in Canada originates along the lines of the National System. The System, as outlined, has an investment in road and equipment of not less than $1,500,000,000. At the present time, under existing rates, it is earning little towards interest on that expenditure; but as soon as the point is reached where it begins to earn even a low rate, it is equivalent to beginning to carry a large per centage of the War Debt of Canada."

The Canadian Pacific Railway in 1920

This great corporation, with its 1,000 million dollars of Assets and a business in Canada second only in a financial connection to that of the Dominion Government, continued to be the centre of much discussion during 1920. In every difficulty which faced the National Railway System or which assumed some new form in this year of preliminary effort and organization, there were papers and people of influence citing the example and standing of the C. P. R. and pointing to its management as a way out of trouble or as a splendid illustration of the advantages of private ownership; in the United States and in Great Britain similar comparisons were made and the same example urged.

Mr. E. W. Beatty's references to Nationalization in his speeches and as President of the Company were not as numerous as in 1919; the issue had by this time been practically settled in the national acquisition of the G. T. R. He did, however, continue to take high ground in Canadian general discussions as the head of an enterprise which was largely and emphatically representative of Canadian interests and expansion. As to purely Railway matters he said in Calgary on Jan. 23 that he hoped to visit the West at least twice each year and that the C. P. R. and, he believed, the Canadian National, would complete their construction programmes of the past year with such new Lines as labour conditions and Parliamentary policy as to charters would permit; in Winnipeg during this trip he stated that if the Lumber shortage continued, the C. P. R. would build its own mills and, at Vancouver, he promised a British Columbia expenditure of $3,000,000 during the year.

Speaking in Toronto on Mch. 13 at the annual banquet of C. P. R. employees, Mr. Beatty took, in part, as his text the fact that there was room for two great Railway organizations in Canada; declared that "both on national and selfish grounds the success of the Canadian National Railways is desirable from the viewpoint of the Canadian Pacific Railway"; proclaimed the issue, as between public and privately-owned railway systems, to be no longer effective or necessary. "Personally," he added, "I have no fear of the competition adversely affecting this Company or its interests, and the reason why I have a right to that confidence is to be found in the organization itself and the character of the officers and men who comprise it—officers and men who, I think, can be relied upon to play the game of transportation competition as it was meant to be played—adroitly, persistently, aggressively, and fairly." He pointed out that there had been invested in the Railway more than 830 million dollars in cash, with many more millions in subsidiary enterprises, which made it the largest privately-owned and operated transportation agency in the world—and they had to guard that investment. Sir George McLaren Brown, European Manager of the C. P. R., presided and Lieut.-Governor Clarke, with Grant Hall and many leading officials of the Railway, were present. In this connection and in regard to Nationalization, in particular, Sir George Brown told the *Canadian Gazette* of London (April 8), on his return, that:

> Efficient management, of course, can do wonders, but whether under our democratic form of Government, with its tendencies to allow politics to intervene in everything, almost, it is possible to secure efficient management is a question for the future. You ask how this Government competition is going to affect the C. P R. I do not think I can do better in answering that question than refer you to the speeches recently made by our President, Mr. Beatty, who dealt with the position in a remarkable way. He is preaching the doctrine of efficiency in the administration of the National Railways. He takes the broad view, and so far from feeling any ill-will towards Government competition, he welcomes it. He sees in the success of the Government Railways the success of Canada, and consequently the continued success of the C. P. R.

The annual meeting of the C. P. R. Company was held at Montreal on May 5, and its Report* dealt with the largest gross earnings in the history of the enterprise and an increase of working expenses over 1917 of over $38,000,000. In his address Mr. Beatty pointed out that the fixed charges of the Company were low, the interest on the Preference stock equally low and the dividend of 7 per cent., payable on common stock from railway earnings was moderate: "A factor which seems to be lost sight of in these discussions of the relation between expenses and revenues is the absolute necessity of reasonable surpluses in the case of any corporation conducting an enterprise as extensive as that of your Company." As to the controversy regarding increased rates and the relations of the C. P. R. and Canadian National Railways, he spoke of the two theories advanced—one that rates should be increased and surplus earnings such as those of the C. P. R. taken back by means of special taxes and the other that rates should not be increased but that Government Railway deficits be met out of National revenues. Both theories he declared unsound:

> Rates should be established which represent a fair return for the service rendered, and if by efficiency and economy and the character and extent of its equipment and facilities, a Company can render its operations under such rates profitable, there is no warrant for the confiscation of those profits, nor can there be anything but doubtful honesty in the proposal that one Company's revenues accruing to it from service actually rendered by it and well performed, should be taken from it to supplement the revenue of a competitor whose operations do not show favourable results. The second theory is unsound economically and unfair alike to the Government-owned and other Railways. It is obvious that any system which permits services to shippers and others to be performed at unreasonably low rates is discriminatory in their favour and against the public whose taxes are increased as a contribution to their whole Railway facilities.

Reference was made to the continued success of the C. P. R.'s irrigation operations in Alberta where an area of 643,526 acres had been brought under irrigation through the medium of 3,969 miles of irrigation canals and distributing ditches, with 301,382 acres of this total sold at an average price of $38.18 per acre; it was pointed out that the Company had, up to Dec. 31, 1919, expended in this connection a total of $16,947,161 and that the system as developed had made it possible to successfully produce on irrigated land, splendid crops of alfalfa, corn, small fruits and vegetables which were not produced, with equal success, under dry farming conditions. The President concluded by a reference to the increase in the Board of Directors from 15 in number to 18; stated that arrangements had been concluded for an Equipment Trust issue of $12,000,000 spread over a period of

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*Note—For this report in full and the speeches following it, see Financial Supplement of *The Canadian Annual Review* for 1919.

12 years; expressed belief in coming immigration upon a large scale and "implicit faith in the future growth and prosperity of the country." The following Board of Directors was elected:

Richard B. Angus	Montreal	Sir Vincent Meredith, Bart.	Montreal
Edward W. Beatty, K.C	Montreal	Sir Augustus M. Nanton	Montreal
Senator Frederick L. Béique	Montreal	Sir Edmund B. Osler	Toronto
Sir John C. Eaton	Toronto	J. K. L. Ross	Montreal
Grant Hall	Montreal	Rt. Hon. Lord Shaughnessy	Montreal
Sir Herbert S. Holt	Montreal	Hon. Wm. J. Shaughnessy, K.C.	Montreal
Charles R. Hosmer	Montreal	Sir Thomas Skinner, Bart.	London
Col. F. S. Meighen, C.M.G.	Montreal		

Mr. Beatty was re-elected President and Grant Hall Vice-President and, with Mr. Angus, Sir Herbert Holt, Sir Edmund Osler and Lord Shaughnessy, they formed the Executive Committee. Commenting upon the above speech and the 1919 balance sheet, the Montreal *Gazette* said: "The wonderfully strong financial position of the Company is indicated by such items as: Cash in hand, $53,519,400; investments and available resources, $276,337,570, and acquired securities at cost, $124,330,000. Into the building up of the vast enterprise have gone premiums of $45,000,000 on common stock, which do not impose a dollar of charge, besides $127,275,000 of surplus revenue from operation, and $91,569,000 of net proceeds from the sale of lands and townsites." In 10 years the Company had increased its Assets 135 per cent. Speaking to the press at Vancouver on April 15, F. H. Peters, General Superintendent for British Columbia, stated that the construction programme of the year called for 43 sleeping cars, 67 air-dump cars, 2,500 60-ton box cars and 500 refrigerator cars at an estimated cost of $74,000,000.

An important incident of the year was the assumption by the C. P. R., under Parliamentary sanction, of the control and direction of the Edmonton, Dunvegan and British Columbia Railway. The matter was not settled very easily, Mr. Beatty telling the Edmonton *Bulletin* on Jan. 31, 1920, that at least $2,000,000 would be required to put the Line into satisfactory operation while its capitalization was excessively high and the mileage greater than was necessary to successfully serve the rich areas of the Peace River region which were involved. Meanwhile, negotiations had been going on between the Dominion Government, the McArthur interests and the Alberta Provincial Government—which latter was responsible, under guarantees, for $140,000 of interest falling due on Feb. 16—with a view to Government assumption of the Line and its operation as part of the Canadian National System; protective action was taken a little later by the Provincial Legislature which asserted the right to assume possession, as Trustees for the bond-holders and the Province, if necessary. In June it was announced that F. H. Phippen, K.C., and associates, had obtained an option on the Railway and were to make an operating arrangement with the

C. P. R. which, meanwhile, had received expert reports upon the Line and the country through which it ran.

Application to the Railway Board followed for an increase in rates of 50 per cent. which was vigorously opposed by the farmers of the North country; on July 20 J. D. McArthur, telegraphed from Montreal that the C. P. R. had agreed to an operating arrangement. D. C. Coleman of the C. P. R., and new President of the E. D. and B. C. Railway, stated on July 27 at Edmonton that the Canadian Pacific had not acquired the stock of the Company: "It has only undertaken to manage the property for a term of years on behalf of the owners and those interested through advances and guarantees. The election of a new Board of Directors was agreed to in order that the Canadian Pacific should have full control of the operating and reconstruction of the road subject, of course, to proper scrutiny of all expenditure by representatives of the Provincial Government, and by others who have an interest in the property. The agreement also embodies an option to purchase." Mr. McArthur and his associates had, meantime, resigned and the new Directors, in addition to Mr. Coleman, were Charles Murphy (Vice-President), Hon. Charles Stewart, Provincial Premier, William Kirkpatrick and G. A. Walker. Much satisfaction was expressed in Alberta as to the probability of C. P. R. aid in developing its rich Northland.

During 1920 the C. P. R. made some important extensions abroad; its development of the C. P. Ocean Services is referred to elsewhere. The splendid cinematograph films of the tour of the Prince of Wales in Canada, taken and prepared by the Company, were shown all over Great Britain and were seen by the King and Queen at the Royal Albert Hall, London, as well as by millions of people in London, Glasgow, Manchester, Cardiff, Birmingham, Belfast, etc.; at Bristol on Jan. 19 Sir George Brown opened the display and told the audience that it would take them through the varying scenes of every County in Canada from the Atlantic to the Pacific and, for themselves, they could see that the Prince had carried through an undertaking which might have staggered a more robust man; the films were also displayed before 20,000,000 people in the United States and arrangements were made before the Prince's tour of Australia and New Zealand to exhibit them in those Dominions. The C. P. R. paid all expenses in connection with these displays, and the total proceeds were handed over to charity.

At the Canadian Industries Exhibition in London which was opened on June 7 by the European Manager of the C. P. R., the Company had a splendid exhibit. It extended on both sides of the entrance to the main hall, and on either side, underneath the wording, "Canadian Pacific, the World's Greatest Highway," hung large pictures depicting the scenic, agricutural and industrial resources of the Dominion. The columns of the stand were of birch throughout, also the framing for the signs over the various booths. Each pillar was surmounted by some big game head—moose, wapiti, deer, musk ox, bear. Intermixed with the various Provincial and other displays of products were moving panoramas, illuminated signs, maps, transparencies, pictures, etc., depicting the activities of the Canadian Pacific and Canada.

Along similar lines of combined national and business publicity was the organization by the European Manager in London of a C. P. R. Department of Colonization and Development; it was opened by Sir George Brown at 62-65 Charing Cross, S.W., on July 1st. He explained that, in the past, all enquiries relating to Canada had been dealt with by various separate departments of the C.P.R. organization, but that it was felt the time had arrived for the establishment of an Information Bureau specially staffed and equipped to answer any question; its management on this side had been entrusted to Major Ewan Moore, whose aim it was to give at first hand all information as to Canadian conditions generally, and to cover any particular line of enquiry, whether in regard to agricultural and natural resources, or industries, and to advise not only intending settlers, but all those who, in trade or other directions, desired to be acquainted with Canadian conditions or to familiarize themselves in any way with Canadian life. In a matter associated with the War, the C. P. R. continued its policy of giving special consideration to its men who had seen active service by fitting them into their old posts or in work akin to that they were accustomed to. Up to the close of February, 1920, more returned men had been given employment than had volunteered from the service of the Company. The figures were as follows:

Total reported as joining the Army	10,955
Dead	1,069
Wounded	2,054
Re-employed in the Service	6,687
Other soldiers given employment	9,224
Total soldiers given employment to date	15,911

The gross earnings of the Company for the calendar year 1920 were $216,641,349 and the working expenses—including taxes—were $183,488,304; the net earnings, less Fixed charges of $10,775,448 and a contribution of $500,000 to the Pension Fund, left a Surplus of $21,877,635; after paying 7 per cent. dividends on ordinary stock and 4 per cent. on Preferred there was a net surplus of $450,358 while 3 per cent. more of a dividend had been paid on Ordinary stock from Special Income or investments of a special character. The sales of Agricultural land during the year by the C. P. R. were 468,390 acres at $9,592,706; arrangements were completed in 1920 for the sale of $8,000,000 of 4 per cent. Consolidated Debenture stock to the British Government in respect to the deposit of $40,000,000 of this Stock with the

British Treasury in 1917—the other $32,000,000 was returned to the Company; the only branch line mileage laid during the year were 100 miles in Western Canada; 5 steamships were under construction in 1920 and the *Koenig Friedrich August* was purchased—the total cost being $31,175,000 of which $18,733,138 was paid out during the year.

Pursuant to its policy of practical interest in matters of Canadian development, the C. P. R. subscribed $250,000 to the McGill University Endowment Fund, $50,000 to that of the University of Montreal, $10,000 to the Salvation Army and $5,000 for the work of the Y. M. C. A. In addition to the Edmonton, Dunvegan and British Columbia, the Company acquired control of the Central Canada Railway for a period of five years from July 21, 1920—in each case the remuneration for management was 15 per cent. of the revenues in excess of working expenses and payable out of profits after payment of fixed charges—with an option of purchase; an agreement was made with the Province of Quebec to construct a railway from Kipawa to Des Quinzi River, 76 miles, with a subsidy of $8,000 a mile in cash for 66 miles and 4,000 acres of land per mile of the entire Line—a productive agricultural area with valuable timber lands; of the holdings of Common Stock on Mch. 1, 1920, 1,242,837 shares or 47·80 per cent., were owned in Great Britain, 460,838 shares of 17·73 per cent. in Canada, 626,510 shares or 24·10 per cent. in the United States, 79,123 shares or 3·04 per cent. in France, and 190,692 or 7·33 per cent. in other countries.

The Assets of the Company on Dec. 31, 1920, totalled $1,105,388,185 of which $745,383,068 was Property investment, $272,807,797 miscellaneous investments and available resources and $86,997,319 working Assets—including $30,090,941 of cash in hand.* The Liabilities included Ordinary Stock of $260,000,000, 4 per cent. Preference of $80,681,921, 4 per cent. Consolidated, $216,284,882 and note certificates (6 per cent.) of $52,000,000; the current indebtedness, accrued rentals and equipment obligations, were $45,911,275; the reserves and appropriations $76,313,935 and the premium on stock sold $45,000,000; the net proceeds on lands and townsites was $96,610,805, the Surplus revenue from Operation $127,725,728 and the Surplus on other Assets $98,064,988.

The number of tons of freight carried in the year was 30,160,134, the tons carried one mile were 13,994,508,975 and the earnings per ton per mile 1·04 cents compared with 1·00 cent in 1919 and 0·85 cent in 1918; the number of passengers carried was 16,925,049, the number carried one mile was 1,732,050,259 and the earnings per passenger per mile 2·84 cents compared with 2·60 cents in 1919; the mileage included in the Traffic re-

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*Note—For full details of financial statement see *Supplement* to this volumn.

turns was 13,402, that of other lines worked or under construction 1,295, and that operated in the United States 4,954 or a total of 19,661 miles.

Incidents of the year affecting the C. P. R. included the statement of Vice-President Grant Hall in the Montreal *Star* of Jan. 17, that electrification of the Mountain Section had been and was under consideration but not, at present, more than that; the issue in London of a work called *The Story of the Canadian Pacific Railway* by Keith Morris which developed its history as a pioneer national enterprise, as an Empire highway, and as a powerful war-time factor; the perfecting of a new type of tourist car of steel construction in which the outstanding advantage was its economy and the construction of 30 of them with interiors furnished in plain, mahogany seats and upholstered in leather, equipments up-to-date with complete electric lighting and refrigerators and kitchens in which tourists could prepare their meals; on July 1st there came into operation a new form of contract to cover carriage of live-stock; on Sept. 3rd negotiations were completed at Montreal between the Railway and Committees of Employees under which an agreement was reached for an average increase of $1.00 a day for the Eastern Division; in Italy the C. P. R. made special working arrangements of an agency character with the Italian State Railways and was active, also, in the organization of Mediterranean and Levant business from France and Spain. The long-planned completion of the Union Station, Toronto, was dealt with and its present situation explained in a telegram from Mr. Beatty to W. F. Maclean, M.P., on July 20, as follows:

> Your message of 19th, which I have discussed with President Kelley of Toronto Terminals Company. New Union Station is not being used because physically impossible to do so without track re-arrangement to permit of operation on present track levels. Track re-arrangement cannot be proceeded with unless Railway Commission and other parties to Viaduct order and agreement agree to this method of operation. Plans showing suggestions made by those interested have been prepared and joint discussion will shortly take place. Approval of Government as owners of Grand Trunk properties now, of course, necessary. Companies most anxious to put the Station into use as soon as possible.

Nationalization in Canada; The National Railways and the C.P.R.

The acquisition by the Government of great Railway lines in 1918-20 was based primarily upon the inability of the Canadian Northern and Grand Trunk Pacific Railways to face, without continued Government assistance, the situation created by the War; that Government help was given, up to a certain point, but beyond that could not be granted because of a public opinion which, not unnaturally, felt that he who pays the piper should guide the tune. This public opinion, however, had been growing steadily for years; it began in the Elections of 1904 and 1908 when the Conservative leaders fought for public ownership and control of the G. T. P.; it proceeded through various evolutionary stages of municipal control of public utilities and Provincial creation and control of such projects as the Ontario Hydro-Electric scheme; it was nursed by a press which, with certain exceptions, never argued against the principle and in a majority of cases strongly supported it. Hence the position of the Borden Government when the crisis came to the two great Railways in question. The United States, when it came into the War, took over temporary control of the railways and met the difficulty temporarily; the Canadian Government did not believe public opinion would stand for any such policy and, therefore, plunged into the wider and more responsible line of action.

The supporters of the Government policy in Parliament and the country did not, during these years, say very much about the principles of Nationalization, or argue as to theories of public *versus* private ownership or deal at length with the experiences of other countries. They assumed that public opinion in Canada favoured the principle, that events were making its application imperative, and that national development would make the experiment, in the end, a prosperous one for the railways and the people. During 1920 the official arguments were devoted to the practical points of comparison between the new National system and the old-established C. P. R. system, to the best means of competitive action against the great railway under corporate control, to the comparison of their respective conditions and possibilities. The chiefs of the National railways or of those being absorbed into the new system, had their hands full co-ordinating the acquired lines and meeting financial difficulties and heavy costs. J. Lambert Payne of the Railway Department, Ottawa, in a careful study* of the new Government system, summarized its statistical condition under final arrangements as follows:

Railways	Operating Mileage	Capital Stocks	Liability Stocks
Intercolonial	1,592	....	$141,636,812
Prince Edward Island	279	....	11,901,180
Canadian Northern	9,479	$100,000,000	319,358.227
Transcontinental	2,003	....	164,488,237
Grand Trunk Pacific	1,794	24,942,000	173,782,100
G. T. P. branch lines	1,037	1,002,000	16,786,440
Grand Trunk	5,224	244,521,221	185,067,896
Hudson Bay	445	....	23.000,000
Maritime Provinces lines	337	2,182,850	3,442,000
Total..............................	22,250	$372,648,071	$1,039,462,892

This combination of Transportation interests brought Canada into a new era of its life and marked a situation of far more importance than the man on the street in 1920 understood. Transportation was and is a fundamental matter to a people

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*Note—The *Grain Growers' Guide*, Winnipeg, Mch. 10, 1920 scattered over half a continent and its prosperity and development concerned every phase of national and individual activity. The Grand Trunk Railway had been a great factor in the foundation of Canada, its unity and pioneer progress; the C. P. R. was a leader and exponent of Canada in its period of evolution, the embodiment of Canada's later and greater expansion up to the days of war, a link in Empire development, a power in the worldwide knowledge of Canada which came even before the War, an acknowledged factor in the struggle itself; the C. N R. had helped greatly in later stages of progress and had pioneered settlement and production in a newer West. Conditions had now created a new phase of Nationalism with two great systems competing for Canadian business—one backed up by *prestige*, experience, capital, stability of management and the confidence of business interests; the other by direct popular interest, by Government influence and legislation, by a press favourable, in the main, to the experiment and policy, by slowly improving conditions of operation. Mr. Lambert Payne, in the article already quoted, gave a table of operative figures in 1918 for the separate Companies which is of historical value as showing the situation but which, in practical effect, was greatly changed by the influences of co-operation and co-ordination; on the other hand the favourable balance was wiped out by $50,000,000 or more of fixed charges not allowed for in the table:

Government Railways in 1918	Gross Earnings	Operating Expenses
Intercolonial	$20,259,233	$22,338,235
Prince Edward Island	653,146	1,190,380
Canadian Northern Railway	44,067,826	38,524,266
Transcontinental	8,976,204	11,175,709
Grand Trunk Pacific	7,855,741	8,269,814
G. T. P. Branch lines	1,836,685	2,455,588
Grand Trunk Railway	50,966,329	43,252,004
Other Lines	390,446	703,297
Total	$135,005,610	$127,909,293

Arguments in Favour of Nationalization. The Canadian National Railways during 1920 carried on a vigorous campaign of publicity and argument; D. B. Hanna, President of the System so far as it was co-ordinated, in speech and articles made out a strong case for its interests and future. The claims made for the new System were large and varied. It was said to have been constructed to a standard that would make possible a vast expansion of the services by rail without the necessity of great expenditures for reconstruction. It would serve every ocean port of any consequence in Canada, with the exception of one in northern British Columbia, and every commercial and industrial centre, save two or three in the western Ontario peninsula, and one or two in Western Canada. It would serve the important established mining districts, and a considerable portion of the as yet, unexploited areas where minerals were almost certain to be found. It would serve the great undeveloped timber reserves and the vast new North in the West, and the great new North in the East, where the developments of the future would take place.

It was contended that the day of the small independent railway system had passed and that in the United States the experience obtained in two years, during which the Railways had been under Government control, proved that certain measures which railway managements had resorted to as good business policy, but which regulating bodies had more or less made illegal, were really in the best interests of the country as a whole; it was a fact that in handing over the Railways to their owners the United States Government did not forbid the Interstate Commerce Board from permitting mergers and the pooling of traffic, etc., under certain conditions. It was claimed that rivalry in Canada between the two great systems could be conducted as a healthy and invigorating competition with co-operation at times and under national conditions which would warrant or require it.

Speaking at Ottawa on Mch. 6, Mr. Hanna dealt at length with the comparison often made between Canada's situation and the alleged failure of U. S. Government control: "A fundamental difference to which I have already referred is that in the United States a Government monopoly was established, whereas in Canada competition is an essential part of the scheme. When consolidation with the Grand Trunk is effected, two great systems, giving dual service to every important community, will compete for the business of the nation. The officers and employees have the incentive that only competition can preserve and develop—the public have an alternative and the employees of either line cannot afford to be arrogant or independent. Competition in rates being practically eliminated, competition becomes a matter of service." There were, in this connection, six points which he amplified as follows:

> First, the United States Government took possession of its railways as a war measure. In Canada the Government took possession by arbitration and otherwise, for economic reasons. In the second place, as to the object of these actions, the United States took possession of their properties for a unified service during the War, regardless of cost. Canada took possession for an adequate and efficient service. In the third place, when the United States took possession it was entirely monopoly, the very condition itself being quite unsettling. In Canada, the National Railways are permanent, due to conditions on which the policy itself was actually based. Fourth, as to the method of management—that is the crux of it all. It was political control in the United States. Mr. McAdoo was appointed overnight and placed in charge of 265,000 miles of railway, and was at the time an active member of President Wilson's Government. In Canada the method of management was non-political. A Board of Management of business men was appointed. In the fifth place competition was entirely eliminated in the United States—no competition at all—practically

a monopoly of the very worst kind. In Canada competition has been preserved, and strong competition assured from our great competitor, the Canadian Pacific Railway, which we welcome. In the sixth place, its effect on the staff, in the United States has been absolute indifference; in Canada the effect on the staff is that they are on their toes.

As to the inevitable criticisms regarding deficits which developed in these first two years of railway reconstruction and the weaving together of hitherto competitive interests, there was much said by the Publicity interests of the Canadian National Railways. It was claimed (1) that costs of operation were no greater, relatively, on Canadian National Railways than on any other great railway in the United States or Canada and that the problem was no more peculiar to the C.N.R. than to the Canadian Pacific, or the New York Central; (2) that the rates and fares allowed for the hauling of tonnage on Canadian railways were not too high, because the Canadian Pacific reported less than half a million of dollars clear after paying its charges for 1920 on the operation of its railways and lake steamers, and because the railways in the United States with the same rates were not earning money enough to get along comfortably—and in Canada the price of coal was greater; (3) that the cause of the deficit was, primarily, shortage of available tonnage and that this was due in turn to National conditions of restriction in immigration and settlement with war factors of a financial nature; (4) that the National Railways' relative cost of operation was higher than that of its competitor only on account of the lesser volume handled, and that for certain specific traffic movements its cost might be lower; (5) that in some details of operation the business of the National lines and that of the C.P.R. were not very far apart. The following table was officially used to illustrate this statement and the further one that when the Grand Trunk was actually absorbed into the System the latter would be away ahead in the matter of freight tonnage—though an allowance had to be made for interchanged traffic:

Summary of Traffic Moved—Year Ended June 30, 1919

Railways	Tonnage Originated on line	From other Canadian Railways	From United States Railways	Total Freight Tonnage
Canadian Pacific	16,420,946	7,188,329	2,285,466	25,894,741
Canadian National	19,696,985	4,643,785	407,300	24,748,070
Grand Trunk System ...	13,201,608	3,458,603	9,908,588	26,569,799

The deficit on the operation of the National Railways and the Grand Trunk Pacific in 1920 was admitted as $70,495,702 but as to freight it was claimed—and all arguments were based upon C. P. R. conditions—that the combined Government lines would originate twice as much traffic in tons and that to raise the density it was only necessary to increase the average distance haul. As the freight density increased the opportunity to increase the train-load became greater and this, of all factors, was the one most certain to bring about a substantial reduction in the relative cost of moving freight traffic. As to character of traffic, those classes of freights in which the present National System was deficient, would, it was hoped, be made up by consolidation with the Grand Trunk which served the manufacturing sections, and more fully developed industrial districts not previously reached by the National lines—the Grand Trunk also providing the United States connections which were essential from a competitive point of view.

In passenger traffic there was a greater difficulty, as with a total operative mileage of 20,307 on the Government system of Dec. 31, 1920, compared with a C.P.R. mileage of 13,402, the revenue passengers carried were 25,711,791 against 16,769,555 and the average revenue per mile $1,995.93 compared with $4,844.78 on the C. P. R.* From other figures published it was clear that while the Government System (including the Grand Trunk) had 51 per cent. more mileage than the C.P.R., the latter system moved 25 per cent. more passenger miles than the National and Grand Trunk combined and that on a mile and line basis the C.P.R. had nearly 2½ times the total passenger revenue of its transcontinental competitor. To meet this situation it was claimed that good management and persistent effort were essential.

The service would have to be maintained at a high standard and, train for train those on the National would, it was claimed, compare with those of its privately-owned competitor. Complete co-ordination of the Grand Trunk System and its lines in the more densely-populated districts with valuable United States connections, would help greatly. The development of new sections of country now getting their first chance to advance under peace conditions would create new business and improved equipment would attract travel while improved publicity under consolidated management, together with the encouragement of proper facilities to handle tourist and other traffic by new routes, and into new ground, should have a strong combined influence.

Arguments Against Railway Nationalization. The opposition to National ownership of railways centered around the C.P.R. in the years 1918-20. It was not an organized opposition or one actually led by the great Railway Company, but it was expressed in the natural and obvious fact that the C.P.R. embodied the best elements of private ownership; that it was well managed, honourable and progressive in its public dealings and in its relationship with employees; that its history had been patriotic and national with an inspiring Canadian and world-embracing publicity system and a record of progress which was part of the record of Canada itself; that its transportation system of rails and ships and hotels had become a national institution while remaining a private and profit-making concern with a thousand millions of investment involved. The leading financial interests of Canada had not in recent years shown much support to public ownership proposals of any kind. They feared popular looseness in treating established interests and securities; they dreaded political interference in the delicate strands of financial life; they had heard much of public utilities maintained by taxing finance and industry; they knew the C.P.R. as a living example of successful private ownership. Neither Australia nor the United States had shown signal success in public operation of railways or utilities; the competition of the Government Hydro-Electric interests in Ontario with the Mackenzie-Pellatt-Nicholls interests, was not particularly reassuring to capital. Sir Vincent Meredith, President of the Bank of Montreal, put the conclusion of many financial interests (Dec. 6) as follows:

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*Note.—These figures do not include nearly 5000 miles of operated C.P.R. lines in the United States.

> Canada to-day has a very large National Railway system which is being operated at a heavy loss, thereby increasing the load on the already heavily tax-burdened country. Sooner or later some means must be found to relieve this situation. Some confidently believe that by proper public administration of the lines, deficits can be cut down. My own view is that the proper solution will be found if the Government, at the earliest feasible time, divests itself of ownership and operation of the roads and places them under corporate control upon terms fair to the country and upon conditions that will ensure the service for which the construction of the lines was undertaken.

The chief expressed objections to Government railway ownership in Canada were (1) assumption of the excessively heavy and, it was claimed, unnecessary financial burden of hundreds of millions of dollars by the Canadian taxpayer; (2) the serious danger of international complications in the ownership by the Canadian Government of thousands of miles of railway lines running through United States territory and under jurisdiction and control of the U.S. Interstate Commerce Board and the American Congress*; (3) the risks threatened to Canadian financial interests from the competition of a powerful Government and Railway combination against the C.P.R. which, if successful, would be injurious to an established Canadian undertaking of great importance and, if unsuccessful, would be injurious to the finances and business of the National lines and, indirectly, to the people as owners and tax-payers; (4) the possibility of putting such Government powers and National authority in the hands of a National Board of Trustees or Directors as might enable it to unfairly crush competition and force its rival to the wall no matter how great and prosperous that rival might be; (5) the possibility that failure to successfully compete with the C.P.R. might result in forced acquisition of the latter and the establishment of a monopoly so wide and great and all-embracing in its interests as to constitute a vital menace to the State and the people; (6) the unavoidable and obvious difficulty of partisan considerations influencing the policy, management and government of the National Railways—increasing expenditures, misdirecting construction, destroying discipline in an army of employees, and decreasing efficiency in operation and management; (7) interference by Parliament, as well as Governments, Ministers and politicians, was described as not only possible but probable and the experience cited of the Intercolonial in Canada and of the "Revolving Fund" or $750,000,000 appropriation which was pledged but not appropriated by Congress in the United States—owing to a political filibuster which nearly bankrupted the Railways.

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*Note—Grand Trunk, 1868 miles; Canadian Northern, 225 miles; C.P.R., 4954 miles.

This question was the first great issue which affected the C.P.R. under the Presidency of E. W. Beatty, and it was naturally dealt with by him from a public as well as private standpoint—the C.P.R. itself having long held the dual position of a national interest and a private property. In his annual speech to shareholders on May 7, 1919, Mr. Beatty said: "The situation is full of dangers which cannot be avoided or even minimized, except by rigorously independent and non-political administration, which is at least difficult of establishment under our system of government." He followed this view with other statements during that year and upon more than one occasion described the crux of the question as being whether a Government could carry on such great business enterprises with the same competency and efficiency as private owners.

He expressed the belief that United States experience of Government control of railways in war time and of cables, telegraphs and telephones, had obliterated all desire for continued operation and control of these utilities by Government in that country; he quoted W. D. Hines, Director-General of U.S. Railroads, after Mr. McAdoo, that "the best interests of the country will be promoted through the return of the railroads to private management;" he pointed out that combinations of Government and business were dangerous and that evils of administration in such cases as this, which came out so clearly in the United States, could hardly fail to appear in Canada under similar conditions. As to political interference he considered it a necessary and inevitable consequence of National control—it was not possible to divorce the responsibility for operation from those upon whom rested the responsibility for results; efficiency in administration, in detail, in staff co-operation, in the united effort of employees, was a matter of individual initiative based upon long, slow and sometimes painful organization, under continuous and concentrated Executive direction, and was extremely difficult to build up under the changing conditions of partisan control. At Victoria, Nelson, Calgary, Edmonton, Quebec, Montreal, Mr. Beatty, during 1919, expressed these views; in 1920 conditions had developed out of tentative Government ownership into one of decisive acquisition and actual organization. Speaking to the Winnipeg Canadian Club on Feb. 2nd of the latter year, Mr. Beatty dealt with this situation:

> I make no comment on the wisdom or otherwise of this further extension of Government ownership of railways in Canada. The matter has been settled by the representatives of the people. I am, however, sorry that a little more time and information was not given both to the people themselves and their Parliamentary representatives, because I would have been better satisfied that the decision then represented the view and desire of the vast majority of the people of this country, especially of the business communities. The result of this means that the Railway situation in Canada is now completely changed, and the country must depend for some time at least for additional railway facilities, where needed, upon the National Railways or the Canadian Pacific, because with the preponderating mileage under the control of the Government, it is not likely that much capital will be attracted to new railway enterprises.

How effective competition in effort and construction between the two systems might become would depend upon the honesty and fairness of those concerned: "If political methods are to be introduced into the competition, and facilities provided in accordance with political expediency, or political rewards follow the extent of the support or otherwise which is granted by shippers to the National Railways, then I should say the competition would be unfair and of doubtful commercial or national value." As to this latter point he seemed to have some doubts: "The National Railway's slogan is, I understand, Patronize the people's Railway and save Taxes. Imagine a man being compelled to travel on any railway system simply to relieve his neighbours, who might not travel, of a fair share of their country's obligation! In this era of state socialism and prohibition, there should be some personal freedom left to the individual . . . . But there is always the danger of political methods being adapted to the business of railroading and political influence being used where business methods fail to accomplish the desired result."

In Toronto on Mch. 13 Mr. Beatty addressed the annual banquet of C.P.R. employees in terms of public importance and declared that in the great issue now before them it was unnecessary and unwise to regard it as any longer controversial: "There has always been competition and there will always be competition, and the character of business competition does not alter in any of its essential details as the years pass on. Our competitor is and will be a very extensive system, which will probably increase in magnitude. We all hope it will be a success, and we do not need to be altruistic in order to harbour that hope and for two reasons—(1) because its success as a railway undertaking means a gradual release of the burden on the taxpayer, and the Canadian Pacific is a fairly heavy taxpayer; and (2) because the factors which contribute to its success will ensure the further and continued success of the Canadian Pacific." Of the C.P.R. and the spirit of its staff, and employees, he was proud—of its success in the future, despite Nationalization and competition, he felt assured:

> In the Railway alone there has been invested in cash in excess of $830,000,000. In its subsidiary enterprises there are many more millions, so I am safe, I think, in saying that it is the largest privately-owned and operated transportation agency in the world. It has been conservatively financed, supported by the people and the Government in its inception in a way which was then considered as only substantial enough to keep it alive for a short time, and in later years, when it made these properties valuable largely by its own efforts and by the same efforts increased the value of all lands in the West, the same support has been considered by some critics as over-generous. For myself I am prepared to leave it to the judgment of the people as a whole as to whether or not it has fulfilled the onerous obligations imposed upon it, both to the advantage of itself and the country.

There was a business school of thought in Canada at this time which wanted the National Railways, in some way or other, returned to private ownership. It was said that as the Canadian Northern had an operating deficit of $1,650 per mile in 1920, the G.T.P. a similar deficit of $3,715 and Canadian Government Railways, of the earlier period, an operating deficit of $2,559, it was impossible for Government control ever to get these lines back to normal or profitable conditions without a very large appropriation of public money as a preliminary condition; it was pointed out that the greatest business corporation in Canada was the C.P.R. and that in 1919, with an operating revenue smaller than that of the I.C.R. or the Grand Trunk it had an operating surplus of $2,421 per mile; it was contended that the efficiency of operation and management in the C.P.R. was so great that it should be given charge of these Railway interests under some great merger system and with the right of making over the railway situation to suit the business purposes of one great transcontinental line.

Others suggested a new Company or syndicate to hold a large block of stock in the National Railways and operate them as a private concern. The idea behind all such proposals was, of course, opposition to public ownership—a profound belief which was widely held in Canada amongst financial men and interests that no Government could adequately and profitably manage a big business enterprise. These individuals and interests may have been right or wrong but they were not at this time the majority of the people or representative of its expressed opinion. As against their point of view it was contended that under private ownership—though it was rather a mixed contention—the Grand Trunk and the G.T.P. had to borrow from the Government between 1909 and 1918, in the form of six specific Loans and one guarantee of bonds, a total of $70,000,000 and the Canadian Northern obtain a bond guarantee of $45,000,000 and a Loan of $15,000,000 in 1914-6. There is no doubt that the popular feeling of the moment was expressed by Mr. Meighen, then Minister of the Interior, at Montreal, on Jan. 31, as follows:

> I believe that, after the lapse of years, the Railways running today under various ownerships and always becoming fewer, may mature into one great organization more or less the property and the responsibility of the State. . . . We have reached a stage where the march of events and the stern hand of necessity compelled us to take the position and responsibility we have assumed, and the same march of events in the future may lead to further assumption of responsibility.

The Railway Rates Question: Work of the Board of Railway Commissioners.

Canada in 1920 was only one of many countries faced by the problem of ever growing costs—in the rate of freights and passengers and wages. During the years of war and up to 1920—according to the testimony of Howard Elliott, Chairman of the Northern Pacific, before the U.S. Interstate Commerce Board on May 24—passenger fares in England had increased 50 per cent. and freight rates in varying proportions from 25 to 100 per cent.; in France passenger fares increased 70 to 80 per cent. and freight rates about 140 per cent.; in Italy, passenger rates rose between 60 and 120 per cent. and freight rates between 40 and 100 per cent. and in Sweden about 200 per cent.; in Holland freight rates rose from 70 to 140 per cent. and passenger rates 75 per cent.

In the United States the problem of 1920 was the same as in Canada—an imperative demand for higher wages, to meet the growing cost of living before deflation began, with the absolute impossibility of the Railways maintaining even the existing wage rates unless the freight and passenger rates were increased. An interesting argument—apart from necessity—was raised in this general connection by J. E. Gorman, President of the Chicago, Rock Island and Pacific (New York *Tribune*, Oct. 14): "Looking at the matter from the standpoint of the people as consumers, it is obvious that the cost of living depends upon the prices of the things they have to buy, and that the prices of commodities depend upon the amounts produced. Since the amounts that can be produced depend upon the adequacy of transportation, we are forced to the conclusion that not only the people's prosperity as producers, but also the reduction of their cost of living as consumers, is dependent upon adequate transportation." However that may have been, there could be no doubt that the following statement in the same journal from C. H. Markham, President of the Illinois Central, applied also very largely in Canada:

> It should also be borne in mind that railroad wages in five years have considerably more than doubled; that the cost of locomotives, cars and other materials and supplies have more than trebled; that a comparatively few years ago financially strong railroads could obtain money in abundance at from 3½ to 4 per cent. and that the prevailing rate at the present time is double those rates; that the cost of coal has trebled and that all other commodities which must be used in quantities in the maintenance of great railroad properties have substantially increased in price.

As the Railway situation in the two countries was so intimately associated, it must be stated here that on July 20 the U.S. Railway Labour Board awarded its nearly 2,000,000 organized railway workers an increase in wages averaging about $300 each and totalling $600,000,000—an Award retroactive to May 1st, 1920; that on July 31 the U.S. Interstate Commerce Board authorized freight increases, to come into effect on Aug. 26, of 40 per cent. on rates in the East, 25 per cent. in the South, 35 per cent. in the West and 25 per cent. in the Mountain-Pacific territory with Passenger rate increases of 20 per cent. together with a surcharge of 50 per cent. on rates for sleeping and parlour cars and with a 20 per cent. increase in the rates on milk. It was estimated that these increases would realize a total of $1,500,000,000 and enable the Railways to offset the $600,000,000 Labour increase and to provide the 6 per cent. net income on the aggregate value of Railway property as permitted under the Transportation Act—a value estimated by the Commerce Board at $18,900,000,000

As illustrating conditions which also affected Canada, an editorial statement of the New York *Tribune* (June 27) may be quoted here: "A railway locomotive which, in 1914, cost $27,870 now costs $75,750, and on money borrowed to make the purchase 7½ per cent. is paid, against 5 per cent. To meet the interest on the locomotive $5,681 per annum is now necessary, instead of $1,394, an increase of 310 per cent. An average box car in 1914 cost about $1,000; it now costs about $3,000. Thus a car adds $225 to a railroad's fixed charges, an increase of 350 per cent. Bridges, plates, rails, ties and ballast are all up in proportion. To build a mile of sidetrack takes more than double what it did in 1915." On Aug. 1st it was announced that the United States Railroads would ask the Canadian Railway Commissioners for permission to make the new rates effective on transportation from the United States into the Dominion.

The matter came before the Canadian Board—Hon. F. B. Carvell, K.C., Chief Commissioner, S. J. McLean, M.A., LL.B., Ph.D., Assistant Chief Commissioner, Hon. W. B. Nantel, K.C., LL.D., Deputy Chief Commissioner and A. S. Goodeve, A. C. Boyce, K.C., and J. G. Rutherford, C.M.G., Commissioners—at Ottawa on Aug. 13 in the form of an application of the American Railway Association for an increase of 40 per cent. on the Canadian portion of the freight rate on through lines. Action was strongly opposed by Counsel, chiefly by G. R. Geary, K.C., Toronto—on the ground that it would influence the Board's decision as to Canadian increased rates—and by J. B. Coyne, K.C., of Winnipeg. On Aug. 20 this international action was authorized and increased rates and charges allowed from Aug. 26 on freight going into the United States from Canadian ports and shipping points or coming therefrom. It was also announced on Aug. 18 that the proposed American regulations requiring pre-payment of freight charges on traffic to points in Canada were ordered suspended until Dec. 16, by the Interstate Commerce Commission, pending investigation.

Meanwhile, the controversy in Canada as to increased rates had been strong and serious in its terms. The issue was fundamental in several ways: (1) to the consumer and producer whose cost of living and producing would presumably be increased; (2) to the Dominion Government which had to meet a $70,000,000 railway deficit in the current year and other sums in the future; (3) to the new National Railway organization in its preliminary efforts to establish a great national concern and with imperative need for higher rates; (4) to the C.P.R., now an eminently prosperous Company, but one whose whole future and, through it, the credit of Canada and its investments were bound up in any question of preferential Government action as between the two enterprises. Rates in Canada were not high compared with other countries and D. B. Hanna, President of the C.N.R., compared some other ton mile freight rates (Mch. 6) with that of Canada—which he estimated at 8½ mills—as follows: South Australia, 2·64c (1918); New South Wales, 2·14c (1917); Norway, 2·29c (1917). Brazil in 1912 had a 7·04c rate. Before the War (1913) Germany had 1·37c; France, 1·28c Austria 1·51c; Hungary, 1·34c; Bulgaria, 1·94c.

In transportation facilities Canada was better provided than other countries—if the matter were measured by population—with one mile of railway for every 218 persons as compared with the United States of one to every 404 inhabitants, Great Britain one to 1,943, New Zealand one to 354, Victoria and New South Wales one to 369, etc. But the War had brought special problems to the Railways in Canada as in the States. It was stated that less than 10 years before it had been established with reasonable accuracy that freight rates were equal to 4 per cent. of the average cost of commodities reckoned in a group. If the rates of 1914 were in force in 1920 the ratio would be below 2 per cent., due to the unprecedented rise of prices. In 1919 the railways of Canada had a loaded freight car movement amounting to 1,181,758,126 miles. But they had also 557,355,261 miles attaching to the empty freight cars and cabooses.

Between 1914 and 1918 the cost for maintenance of way and structure had increased on all Canadian railways from 35 to 51 million dollars, maintenance of equipment from 36 to 57 millions, conducting transportation, or actual movement of traffic, from 94 to 145 millions; between 1907 and 1918, according to D. B. Hanna,* the total operating expenses had increased 52·49 per cent. The Railway Association of Canada (Aug. 3, 1920) estimated that between 1913 and the current year the rolling stock used in carrying 2,000 tons of wheat had increased from $85,948 to $251,887 or 193 per cent., the Labour bill of the railways in the same period from 115 to 231 millions or 101 per cent., and the cost of rails for a mile of track from $9,497 to $19,680, or 107 per cent. In this connection F. H. Sisson of the Guaranty Trust Co., New York, made an interesting statement as to United States railways (Toronto *Globe*, Jan. 27): "The average commodity value per ton of freight carried by the railroads in 1919 has been $119, as compared with $56 in 1914. The average freight charge per ton has been $2.80 this year, as against $2.00 in 1914. But the increase in the cost of the average ton of freight over that of 1914 has been $63, while the increase in the freight charges per ton has been only 80 cents."

As to Labour, there was in Canada an increase of 15 per cent. in March, 1918, and of 25 per cent. in August of the same year following the first of a series of U.S. (McAdoo Award) increases. This process of keeping wage rates in Canada along similar lines of advance in the United States was perhaps, inevitable; in any case it made the management of Canadian railways feel as Dr. Reid, Minister of Railways, put it in the Commons on Mch. 30, that "because we have the same expenditures to meet and must compete with each other all along the line, whatever freight increase is permitted in the United States ought also to be applied to Canadian roads."

On Jan. 16, Mr. Hanna stated the rate issue as follows: "The average wage of National Railway employees in 1917 was $407, in 1918 it had increased to $1,030, and in 1919, it was $1,200, while freight rates were lower than they had been in 1917. That is, the average earnings per ton mile were slightly under what they were in 1917." Mr. Beatty of the C. P. R., speaking at Winnipeg in February, pointed out that in 1918 railway wages were increased in Canada by an amount aggregating $77,000,000 or an amount greater than the interest on the whole of the War debt of Canada; the rates were at the same time increased and

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*Note—*Business Methods*. Toronto, February, 1920.

they brought in $43,000,000 additional revenue to the Companies; in other words, the increase in rates failed to equal the increase in wages by the enormous sum of $34,000,000. There could only be one end to that condition, unless the revenues were readjusted to meet these increasing costs. The issue was summed up by the Minister of Railways in Parliament on Mch. 30, as follows:

> Shall Canadian freight rates be increased generally for the particular purpose of enabling the Canadian National system to meet its operating expenses and fixed charges or would it be better to go on with the present rates, giving dealers no additional excuse for increasing the cost of living, and trusting to increase in business, the economies it should be possible to effect by co-ordination, and the return of normal conditions, to gradually reduce these deficits until the day when the revenue will prove sufficient to pay for operation and, later, also to take care of fixed charges? Should this latter suggestion prevail, it would require to be thoroughly understood that the Minister of Railways must come down next year with a deficit, and the next year with a deficit, and so on for a few years until we shall have turned the corner.

Opposition to an increase began at this juncture to develop, though the condition of the National Railways blunted the edge of a good deal of criticism; on the other hand, the obvious prosperity of the C.P.R. sharpened the objection in various quarters. As the Toronto *Globe* put it on Jan. 23: "Should another rate increase be required to prevent the National Railways from becoming a heavy burden on the taxpayer, Canadian Pacific rates would have to be increased, also, for it is obviously inequitable and practically impossible that passengers and shippers on one line shall get lower rates than those on another line a few miles away." But this journal went on to declare that the plan of 1918 must be continued so that the excess revenue raised through rate increases on the C.P.R. lines should be returned to the national treasury and used to enable the National Railways to meet their capital-carrying charges and operating deficits.

As the Government did not care for this plan and did not propose legislation to carry it out, the opposition of *The Globe* was strongly expressed upon the C. P. R. basis and the alleged gains which it would make under any general increase—editorials of Feb. 12, April 30 and May 27 being especially pronounced. In the Commons on Mch. 8, R. L. Richardson of Winnipeg denounced the whole proposal and declared an increase such as was proposed in the United States absolutely unjustifiable. Incidentally, he attacked D. B. Hanna for urging these increases. The Winnipeg *Free Press*, the *Farmers' Sun* of Toronto, and the *Grain Growers' Guide* opposed the idea with vigour. In the latter journal Mr. Hanna, on July 7, presented an elaborate statement of the reasons in favour of the proposal—which was now taking form as a definite Railway demand for 30 per cent. increase in freight rates. He pointed out that the railway ratio of expenses to earnings in the National Railways was 77·75 per cent. in 1916 and 115·03 in 1919, and declared that if the Western grain grower had to pay existing prices for labour, food supplies and material with wheat at $1.30 he would be in the position of the Railways at this time.

On July 7 a Delegation headed by Presidents Beatty of the C. P. R., Hanna of the C. N. R., and Kelley of the G. T. R., met the members of the Government in conference and on the 9th the Railway Association of Canada, representing all the Lines in the Dominion, filed an application with the Railway Commission at Ottawa for a 30 per cent. increase in freight rates and stated that the application was based entirely upon present costs of railway operation, including costs of labour and of material. The increases in these costs to date, it was claimed, exceeded largely the increased revenue obtained from the advance in rates granted in August, 1918. Although these increases were accompanied by rate changes calculated to offset the added wage expenses, the effect of the new rates was to add only $43,000,000 to the gross revenue of the railways as against $80,000,000 additional wage costs, thus creating a discrepancy of $37,000,000 for the first year following the introduction of the new rates of wages and tolls.

This discrepancy instead of shrinking, was daily growing greater, while prices of coal, of rails, of engines and other principal needs of the railways, had risen greatly. It was, also, claimed that if the corresponding increase in wages was granted the Railway employees in Canada to that recently given in the United States, it would cost the Canadian railways an additional $60,000,000 per annum and they would therefore request the Board of Railway Commissioners to authorize rate increases (in addition to the 30 per cent.) at least equal to those requested in the United States.

Hearing and Decision of the Railway Board. The case for the Railways was presented to the Railway Commission at Ottawa on Aug. 10 by F. H. Phippen, K.C., with perhaps the greatest array of counsel seen in the records of the Board and about 40 different interests represented—including the great Railways, the Governments of Saskatchewan and New Brunswick, the United Farmers of Ontario, the Canadian Manufacturers' Association, the Toronto, Montreal, St. John and Hamilton Boards of Trade, the Wholesale Grocers' Association, the Live-Stock Shippers' Association and the National Dairy Council. Mr. Phippen contended, in brief, that on the present basis of operating costs the revenues were utterly inadequate and an increase in rates necessary; that since 1914 the costs had increased 100 per cent. but the rates had increased only 31 per cent. for freight and 15 per cent. for traffic; that increased rates were vital to financial stability upon which basis, alone, the lines could perform their public function. The estimated total amount of increases asked was about $126,000,000 from rates on freight, passengers, sleeping and parlour cars combined.

Originally the application was for approval of a 30 per cent. increase in freight rates. The recent increase of wages granted in the United States which, following the precedent established by the adoption of the McAdoo award in 1918, was likely to be followed by action in Canada, had led the Canadian railways to amend their application and to ask increases of 40 per cent. in freight rates, 20 per cent. in passenger rates and 50 per cent. in sleeping and parlour car charges. Following Mr. Phippen's general presentation, President E. W. Beatty and W. J. Moule, Assistant Comptroller of the C.P.R. were heard. Mr. Beatty stated that in 1916 the mere cost of operating the C. P. R., aside from its fixed charges and obligations on capital, was $63.97 out of every $100 of gross revenue. In 1917 this had increased to $70.01 out of every $100 gross. In 1918 it rose to $78.16 and in 1919 to $81.39. For the year ending June 30, 1920, the figure had risen so that $83.27 instead of $63.37 was required out of every $100 revenue for the operation of the road alone.

The position of the Company for the year 1920 would, Mr. Beatty added, be most unfavourable. The increased costs of operation for 1920, so far as known, but not including the new wage scale now authorized in the United States and demanded in Canada, would leave the Company with a deficit of $37,450,672. The effect on net earnings was obvious. These figures, he pointed out, were based only on the present scale of wages and other costs. The original request made last month for a 30 per cent. increase on freight was calculated to offset this $37,000,000 deficit by adding approximately $37,726,000 to the Company's freight revenue. Now, however, the American roads, whose wage scale, influenced the Canadian railway wage scale, had agreed to new rates of pay for their employees. This new scale, if applied in Canada would accentuate the unfavourable position of the railways. Mr. Moule confirmed and enlarged upon his President's figures and stated, incidentally, that the C. P. R. had in 1918 paid the Government nearly $2,000,000 under the Order-in-Council by which any surplus of profits over 10 per cent. brought in by the 15 per cent. freight increase had to be turned into the public funds. The amount for 1919 was not yet settled.

The C.M.A. representative, A. C. McMaster, was not opposed to a fair increase, if such an increase was necessary for the operation of properly built, equipped and managed roads; but he did object to the granting of increases to sustain unnecessary lines of railway. Hugh Blain of Toronto, President of the

Wholesale Grocers' Association, contended that increases in freight rates would considerably add to the cost of commodities. He maintained that no increase in rates should be given unless it was absolutely essential to enable the Canadian Pacific Railway to earn a reasonable revenue. Deficits of the Canadian National System should be met by national taxation rather than by a rate increase which would apply to all railways and which would take from the public five times the amount required for the Government-owned roads. D'Arcy Scott, K.C., a former member of the Railway Board, on behalf of the Saskatchewan Government and the National Dairy Council of Canada, also opposed the application, arguing that increased rates would be followed by increased wages and they in turn by further demands on the part of the railways. He maintained that the time had come to "break the vicious circle."

On Aug. 12, H. G. Kelley, President of the Grand Trunk Railway, stated that the operating ratio on that System had jumped from 70·77 per cent. in the year 1913 to 87·34 in 1919. If the wage schedule adopted by the United States Board was made applicable to Canadian roads, the operating cost to the Grand Trunk Railway during the present year would be 99·97 per cent. The ratio of labour costs to gross operation was shown by Mr. Kelley to have jumped from 37·01 in 1905 to 57·48 in 1919. The average wage paid on the Grand Trunk Railway in 1913 was $608. In 1916, this had jumped to $770, and in 1919, it had risen again until it amounted to $1,391. If the Chicago labour wage schedule was adopted by the Canadian railways, the average wage paid on the Grand Trunk would be $1,780, or an increase of 157 per cent. since 1913. The cost of material was more than double that of 1914. D. B. Hanna, President of the National Railways, dealt with the increased costs question and said that he thought the Government roads should be made to pay through charging fair rates. He was not in favour of asking Parliament year after year to vote money for deficits. Unless abnormal increases in freight rates were granted Parliament would in any case have to face a deficit in the National roads.

A. J. Hills, Assistant to the C. N. R. President, estimated that if the wage increases were given along the American lines of increase and the proposed additional rates allowed, the C. N. R. would still have a net deficit of $3,807,956 on the operations of 1920 with nothing to pay interest charges. A special statement was submitted by the National Railways as to increased costs in which it was pointed out, for example, that the value of a car of seven foot binders in 1908 was $1,815. By 1917 it had risen to $2,013; the following year to $2,618, and in 1919 to $2,728. The freight charge against this carload of seven foot binders, from 1908 to 1913, was $128. In 1919 it was $124, in

1917 $126, in 1918 $165, and in 1919 $165. Similarly the value of 1,000 bushels of wheat was set down to be in 1908, $810 and in 1919 $2,080. The freight charges from Winnipeg to Port Arthur on these 1,000 bushels of wheat was $60 in 1908, and $84 in 1919.

Meanwhile H. J. Symington, K.C., Winnipeg, had appeared as Counsel for the Manitoba Government and against the increased rates; he and A. C. McMaster denied the C. P. R. claim that a deficit was likely in the year ending June 30, 1921; it was alleged that more traffic originated in the West than the East and Mr. Moule of the C. P. R. admitted this, as to the long haul, but claimed that operating expenses in the East were largely incurred for the benefit of the West; Mr. Symington and other Western representatives urged that if advanced rates were allowed they should not apply to grain and the former quoted the U. S. Department of Agriculture to show that a large number of tests made during 1919 in Minnesota and Dakota had demonstrated that it cost $2.65 to grow a bushel of wheat! There were many other witnesses or Counsel for and against the application and on Aug. 20 the legal arguments began. On the same day the Canadian Railway Association informed the Commission through Mr. Kelley that it had been decided to recommend to the Railway Companies application of the increased wage rate of American lines as decided at Chicago; this would date back to May 1st, and would involve approximately $65,000,000; it was accepted in order to avert a general strike throughout the country.

Summed up the succeeding arguments of counsel may be mentioned briefly. Mr. Symington described the application of the Railways as "arrogant and inconsistent." The Railways, without submitting proper proof, he said, had simply declared that they wanted an increase and that they must get it before Sept. 1st. No judgment could safely be given by Sept. 1st. D'Arcy Scott was strongly opposed to any increase in rates being given to the C. P. R. The position of the Company was by no means serious, he argued, and no harm would be done if it were called upon to pay dividends out of accumulated surpluses for a time. G. R. Geary, Corporation Counsel for Toronto, proposed that no rate increases should be granted until the C. P. R. had actually experienced a deficit and met it. A. C. McMaster declared the C. P. R. might need some relief but not as much as it asked for and claimed that if the rates were increasd as requested it would have a surplus of $22,000,000. Hon. Robert E. Finn, on behalf of the Nova Scotia Government not only objected to higher rates, but asked that rates on the Intercolonial be restored to the level of 1912. He objected to the Railways making an application for increased rates on a percentage basis. Tariffs should have been filed for the approval of the Board. J. B. Coyne, K.C., for the Western Boards of Trade, claimed that the C. P. R. could afford to wait till it actually had a deficit.

Mr. Phippen spoke for all the Railways and W. N. Tilley, K.C., for the C. P. R. The latter maintained that with the granting of the original application for a 30 per cent. increase, the C. P. R. would just about break even, and that if there was no increase the deficit on this year's operations would exceed $37,000,000. The granting of the supplementary application for 10 per cent. to cover prospective wage increases would mean a deficit of over $4,000,000 on wages account. But a 10 per cent. increase to cover increased operations in effect for a full 12 months, would yield $25,000,000. Increased wages for a year under the terms of the Chicago award would cost the Company $22,000,000, leaving it an estimated surplus of $3,000,000 for the first complete 12 months' operating period after the new rates became effective. G. F. Macdonell for the Canadian Northern stated that President Hanna had merely asked for sufficient rates to pay for the wages he had to pay and the materials he had to buy. He took definite issue with the suggestion that the position of this Company should be ignored in dealing with the present application. The Canadian Northern System did a very considerable portion of the whole business of Canadian railways, and no good reasons had been given for leaving the Company out of consideration. During Mr. McMaster's address an interesting comment was made by Mr. Carvell, Chairman of the Commission: "No man can talk to me of a Government running a public utility as a business proposition. In the present temperament of the people of Canada it cannot be done."

The decision was given out on Sept. 8 by Hon. F. B. Carvell, Chief Commissioner, and concurred in by four of the other five Commissioners. It granted an increase of 40 per cent. in Eastern Canada freight rates and 35 per cent. in Western Canada freight rates, effective on Sept. 13, and to continue in force until Dec. 31; after Dec. 31 the increase in the freight rate in Eastern Canada was to be reduced from 40 per cent. to 35 per cent., and in Western Canada from 35 to 30 per cent. Simultaneously with these increases, passenger rates all over the country were advanced 20 per cent., so long as they did not exceed 4 cents a mile and the increase was effective to Dec. 31; after that date and for the 6 months' period from Jan. 1st, 1921, to July 1st, 1921, a 10 per cent. increase was authorized. Following July 1st, passenger rates were to return to those in force at the date of the Order. The total amounted, approximately, to $126,000,000 and the Award, Mr. Carvell stated, was based upon the fact, admitted by all parties at the hearing, that the cost of everything entering into the operation and maintenance of railways had increased more than 100 per cent. in the last four years, while the Railway companies had been granted increases amounting on an average, to not more than 35 per cent. He expressed the opinion that the C. P. R. under their increase would have, in the first year's operation $15,064,500 of a surplus but with the increased wages under the Chicago decision it would have no more than a clear balance sheet. Referring to the argument that the C. P. R. should use up the reserves held against future deficits, he objected to this policy because "in a very short time the cash reserves would be dissipated, and it would only be a question of time when this Company would find itself in the position of the Grand Trunk and Canadian Northern Systems." He pointed to the C. P. R. statements that the Company had loaned the Imperial Government $40,000,000 worth of debenture stock to hypothecate in the United States for munitions in the Great War; that it had actually put into the road out of reserves the proceeds of land sales amounting to $130,000,000 in order to make it a better common carrier; that more than $8,000,000 "out of reserve" had been spent this year to construct branch lines in Western Canada. He declared that none of these things would have been possible if there had been no reserve: "Therefore, I consider it a national necessity that the C.P.R. at least, be kept in a healthy financial condition, with the hope that, as a result, the other great railway system may be benefitted in a corresponding degree."

The decision was not based upon the C. P. R., he said, but on "what are just and reasonable rates considering all the circumstances of all the railways." It was accepted that rates in the West averaged higher than in the East; hence the differential form of the increase. The situation of the National Railways with a possible "operating deficit of $50,000,000 a year" was carefully considered and it was hoped by the Commission that this increase would at least put them on a hopeful basis for a self-supporting future. An appeal to the Governor-in-Council was at once taken. In giving the judgment Mr. Carvell had said that "these rates will be a substantial burden upon the people" and the reception of the Award certainly indicated popular recognition of the fact; estimates of the burden involved, directly and indirectly, ran from 150 to 300 millions with $20,000,000 alloted to the farmers of the West and $10,000,000 to the Live-stock interests. The appeal was heard by the Government on Sept. 29 with the Prime Minister (Mr. Meighen) and seven other Ministers present. E. W. Beatty and D. B. Hanna were in attendance, and there was an immense array of Counsel representing the Manitoba and Saskatchewan Governments, the Corporation and Board of Trade of Toronto, the Dominion Millers' Association, the Canadian Wholesale Grocers' Association, the Winnipeg Board of Trade and the Apple Shippers' Association of Nova Scotia, &c. Messrs. Symington, Geary, McMaster, Coyne, D'Arcy Scott, Hugh Blain, T. L. Church, C. B. Watts for the Dominion Millers and Col. J. Z. Fraser of the U. F. O. spoke for the appeal; W. N. Tilley, F. H. Chrysler, K.C., W. C. Chisholm, K.C., and G. F. Macdonell spoke for the Railways.

The Premier promised a decision in a few days based upon public policy. This was rendered on Oct. 7 and laid down the important general principle that for the Government to weigh evidence and substitute their own judgment for the judgment of the Board upon questions of fact arising, "would defeat the purpose for which the Board of Railway Commissioners was created and would, in the end, be highly prejudicial to the public interest." At the same time if it were felt that the Board had applied principles that it should not have applied, or principles which the Cabinet considered not in consonance with public policy, such appropriate action should be taken as would lead to a finding in which only correct principles would be applied. While, therefore, not interfering with the new rates in force, the Cabinet recommended that the Order be referred back for determination of: (1) fair and reasonable rates without taking into account at all, for the time the order is in effect, the requirements of the Canadian National System; (2) establishment of rates meeting, to the utmost extent possible, equalization of freight rates between the East and the West.

Following this came an agitation to suspend the rate increases until the Railway Board had reconsidered its decision, and it was led by the Manitoba Government, the Winnipeg Board of Trade, and the Manitoba *Free Press*; further protests were made by the Saskatchewan Government against the increase and by the Canadian Council of Agriculture against the alleged discrimination in Eastern and Western rates. The Railway Board heard the request of the Manitoba Government for suspension of the rates on Nov. 22; the Chief Commissioner promised a decision very shortly and also announced that there would be an exhaustive investigation into railway rates generally and a conference be held between the Board and all parties interested in the enquiry at Ottawa on Dec. 14. The Board gave its judgment on Dec. 21 and refused the application with the declaration that notwithstanding the criticism to which the Board had been subjected, its findings could not, on the most searching analysis, be fairly classed in this case, as other than just and reasonable. Written by Dr. Rutherford, it was concurred in by Mr. Carvell and Mr. McLean.

Work and Position of the Railway Commission. Its work was not confined to railway problems alone; it had control of Express rates, Telephone and Telegraph rates; its work, as a whole, during the years since beginning operations on Feb. 1st, 1904, had been both onerous and important. Up to Jan. 1st, 1920, it had held 6,815 public sittings throughout the Dominion, dealt with 10,955 matters informally and privately, considered formally and fully 6,815 public questions, issued 29,212 Orders and received, in respect to railways alone, for consideration and filing, 877,094 tariffs. Of appeals against its decisions there were 44, of which 25 only had gone to the Governor-in-Council.

On Jan. 27, 1920, its hearings in the appeal of the Telegraph companies for increased rates were concluded at Ottawa. H. J. Symington, K.C., in opposing the request, argued that the C. P. R. Telegraph line was necessary to the operation of its railway system, and that it was unfair to charge by far the larger proportion of its depreciation to commercial business. The Railway operating end of the system should stand a share. Answering these points, W. N. Tilley, K.C., declared that the C. P. R. Telegraph system was devoted largely to serving the public. From 75 to 85 per cent. of the messages carried were commercial messages. The small end of the System's service was devoted to railway business; ownership of a telegraph line was not absolutely necessary to the operation of a railway.

The Board on May 21st decided to grant increased rates averaging 32 per cent. in Eastern Canada and 20 per cent. in Western Canada. The Companies were allowed to sub-divide the existing rate zones east of Sudbury, Ont., and extend these zones to Quebec Province. Flat rates for these zones were increased from 25 to 30 cents for ten words—excess words to cost two cents instead of one cent a word. Scaled increases from 10 cents to 25 cents a word were allowed on the $1.00 transcontinental rate, with a special provision to permit the Grand Trunk Pacific to charge $1.55 to Prince Rupert B.C. The increases were on commercial business, there being no increase on press service or leased wire lines. Meanwhile, on Jan. 30, the Board had decided that "wherever reasonably applicable, the Telegraph and Telephone Companies possess the same rights in issuing free or reduced transportation of messages as the Railway Companies possess as to reduced transportation for passengers."

In this general connection, it may be noted, the Transportation Division of the Bureau of Statistics reported for the calendar year 1919 that the gross Telegraph revenue (in Canada only) was $9,499,358 and Operating expenses $7,813,259, the number of land messages carried 14,200,346 and cablegrams 934,875, the number of operators 7,606 and of offices in Canada 4,536, the pole mileage 51,416 and wire mileage 214,629; that the gross Express receipts of the year were $24,933,219, the Operating expenses $13,227,652, other expenses $12,936,615 and net operating deficit $1,231,048 following the 1918 deficit of $1,982,337, while the capitalization of Canadian Companies in Canada was $4,892,000; that in the business done by Express Companies there were $52,460,473 worth of domestic money orders issued with $18,062,985 of C.O.D. cheques, and that the operating mileage was 60,630; that the number of Telephone Companies in Canada was 2,219 on Dec. 31, 1919, the wire mileage 2,105,240, the number of telephones 778,758 and of employees 20,491.

During August 1920, the Bell Telephone Co. submitted to the Railway Commission a proposed new schedule of rates to take effect on Sept. 16 for the purpose of obtaining the revenue necessary to continue its dividend and thus command required capital; to remove rate inequalities, and to establish a more equitable and better devised system of charging the customers*. If granted, it was estimated that this increase would mean an augmentation of the charges both for commercial and domestic telephones, with an increased revenue of $4,571,815; it was also explained that the Bell Telephone Company had received only one increase of 10 per cent. in 25 years, and had never paid more than 8 per cent. dividend. The Company's business in 1919 was stated as follows:

Exchange revenue	$ 11,193,163.45	
Toll revenue	4,582,199.02	
Miscellaneous revenue	83,541.41	
Total		15,858,903.88
Expenses:		
Operation	$ 7,706,484.81	
Current maintenance	2,986,069.11	
Depreciation	2,699,915.00	
Taxes	694,476.43	
Total		14,086,945.35
Net telephone revenue	1,771,958.53	
Average plant in service	49,197,361.17	
Average working assets	1,642.295.61	
Working capital	1,000,000.00	
Total telephone property		53,611,615.31
Per cent. net telephone revenue to total property (annual basis)		3.418

About this time the Express Companies also asked for an advance of 40 per cent. in rates and the case for the Dominion Express Co. was heard in Toronto by the Board of Railway Commissioners. T. E. McDonell, General Manager of the Company, estimated that it would have a deficit of $800,004 during the ensuing year if the 40 per cent. increase were not granted. Between Sept. 1st, 1919, and May 1st, 1920, the deficit was $119,972. At a sitting of the Board in Saskatoon on Oct. 1st to consider the Express matter the local Wholesalers' Association declined to testify and gave its reasons as follows: "The Commission at first had the advantages which were expected, since it was appointed by the Government which had no share nor direct financial interest in transportation companies. The situation, however, is now altered to such a degree that the Government itself, which creates and maintains the Railway Commission, is itself in the transportation business. The Commission, on its own confession, is simply representing the Minister of Railways and the Minister of Railways, more than anyone else, is interested in the profitable operation of the National System."

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*Note.—An increase was granted in 1921 to the Bell Telephone Co.

In respect to this enquiry, F. B. Carvell, Chief Commissioner, stated at Montreal on Nov. 20 that the case presented in opposition to the increase in rates had been weak: "We have been travelling for two months on this investigation and it is safe to say that our time has been almost wholly lost. We have covered practically the entire Dominion, we have heard from the ice cream people, from the fish interests, from the farmers in certain sections, from the fruit and vegetable people, and now we are hearing from the produce men, and the story has been the same on all sides. We are told that an increase in Express rates is going to cost someone something. That information is elemental. Of course we know that an increase will cost something, but that statement is of no value to the Commission. What we want to know is whether the Express companies are entitled to the increase for which they have made application.*

Electric Railways and Radials in Canada; Street Railway Incidents of the Year.

The statistics of these railways were kept distinct from those of Steam railways and, though the totals at this period were small in comparison, there were important movements under way—such as that of the Hydro-Radial project in Ontario—which promised to make them much more important as time passed. The mileage in 1919 (June 30) was 1,696 compared with 1,047 in 1910—a considerable increase in itself; the capitalization was $171,894,556 compared with $102,044,979; the gross earnings from operation in 1919 totalled $35,696,532 and the miscellaneous income $2,723,510; the Operating expenses were $26,839,070 and the total net Income after deducting Interest, taxes, etc., was $1,466,545; after making allowance for reserves and dividends there was a deficit of $1,437,091; the ratio of operating expenses to gross earnings was 75·18. The fare passengers carried in 1919 numbered 686,124,263 compared with 360,964,876 in 1910 and the tonnage of freight was, in 1919, 2,474,892; the employees numbered 17,242 with $17,210,851 paid in salaries and wages.

For the calendar year 1920 there was a decrease in the deficit, from the previous calendar year, of $645,632, and increase of 63,210,117 in the number of passengers carried, and of $3,000,725 in wages, with a decrease of 302 in the number of employees. Electric railways had suffered in the past few years to some extent from motor vehicle traffic; as a rule they ran in, or near, or between large centres of population where the increase of automobiles was especially pronounced; the increasing use of motor trucks by the farmers, and wholesalers, also, affected their freight interests. In the United States, however, where the same influences existed as well as similar increases in wages and costs there was, in 1919, a steady expansion in gross earnings and net returns; the former having increased between 1909 and 1919 from $435,461,000 to $783,514,000. In both countries stationary or low fares, coupled with increased costs, was the real problem.

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*Note.—A 30 per cent. increase was authorized early in 1921

Despite difficulties with municipalities and the spread of public ownership ideas and increases in costs and wages, the Street Railways of Canada managed, upon the whole, to carry on along profitable lines during these years. That of Toronto showed an increase in gross earnings of $1,200,000 as between 1917 and 1919 and a surplus of $578,352 in the latter year compared with $8,050 in 1917. The gross earnings were $7,234,895 and the operating expenses $5,655,658 compared with $3,926,828 and $1,995,914, respectively, in 1909—charges to earnings were 75·5 in 1919 and 51·4 in 1909. Assets were $22,572,000 of which $19,667,000 represented road and equipment. At the annual meeting on Feb. 4, 1920, Sir William Mackenzie reviewed the previous year and pointed out that the Company had to face steadily growing expenditures with revenues drawn from rates of fare which had been fixed 28 years before—the average fare being 3·9 cents per revenue passenger or the lowest rate of fare on the continent for a city of Toronto's size.

With the object of meeting the increase in wages the Company had applied to the City Council for permission to increase the fare, pointing out that about 400 Lines in North America, many of them with agreements similar to theirs, had obtained increases in rates of fare, but the City refused to alter the Agreement: "Your Directors also approached the Ontario Government, seeking relief, but secured no assistance. The Company then offered to make an immediate sale of the property to the city, upon terms set forth in the franchise Agreement but Council would not favourably consider the offer." This view was again presented to the Legislature in 1920 and the reply of the City and of public ownership interests was given to the press by Mayor T. L. Church on May 26: "There will be no surrender to the Toronto Railway Company, as far as the City is concerned, over the question of increased fares. We made that plain last summer, to the Government, the Railway Board and the Company. The Company has been allowed to water its stock to the extent of six millions, and use it for the benefit of Power and Radial Companies, instead of giving a good service and paying their men. Where was the Ontario Railway Board when all this was being done? There was lack of Government control over the Company's stock flotations and surpluses. No contingency or reserve fund was provided for. The Railway Board have also done nothing to get Toronto a better service or to compel the Company to put on 200 additional cars as they should have done."

There had for years been antagonism and litigation between the City and the Company with a gradually growing conviction, as public ownership sentiment increased, that in 1921 when the existing contract terminated, the City would take over the Railway. On Jan. 2nd, 1920, Toronto finally voted upon the question of whether the City should take over the Street Railway at the expiration of its franchise on Sept. 1st, 1921, and the decision was in favour of doing so by 21,705 to 2,821. The Company also owned, subject to bonded indebtedness, the Electrical Development plant at Niagara—the pioneer, and still one of the chief, generating companies on the Canadian side of the River; the Toronto Power Co., originally formed to transmit power from Niagara to Toronto and which had recently taken over the Toronto Electric Light Co.,—another subsidiary of the Street Railway Corporation together with the York Radial Railway running north on Yonge St. The situation therefore, was a very important one in respect to Ontario Electric interests and the Hydro-Power position. At the same time the people voted by 22,351 to 2,433 authorizing the City authorities to enter into an agreement, along with other municipalities, for the construction of a Radial railway in Eastern Ontario—taking in the Toronto Eastern Railway which was owned by the Dominion Government—with bonds to guarantee totalling $4,300,000.

Following this decisive action the Legislature was asked to take necessary steps in preparing for the new situation and experiment and the result was the creation of a Transportation Commission for the specific purpose of taking over control. operation and management of the Toronto Street Railway—its extension, its rates and the acquisition or construction of new lines. It was also given power to construct, control and operate lines of motor-buses, subways, tubes and other methods of urban transport—underground or overhead. In respect to motor buses, as subsidiary to car lines, New York was, in this year, operating them successfully on 22 routes, covering 50 miles of highway. It was stated there, officially, that with 92 buses in operation and 8 in reserve, 10 lines could be operated at a daily cost of $2,623 carrying 75,000 passengers and showing an average daily profit of $376, or $137,000 annually.

During July, the City Council authorized the appointment of the Commission with three members—the Chairman to receive $6,000 a year and two Commissioners $5,000 a year each. The powers were those granted at the preceding Session of the Legislature and the new body was to have absolute control of the Street Railway after the City had acquired the property in 1921. In the meantime, the Commission was to make a general survey of the transportation situation in Toronto and offer suggestions for improvements and extensions, so that the work of unification and consolidation of existing systems could be carried out with a minimum of inconvenience, and plans be ready for operation on the 1st of September of the next year.

On Aug. 5th P. W. Ellis, George Wright and Fred Miller were appointed to the Commission. Mr. Ellis was Chairman and H. H. Couzens was appointed General Manager at a meeting of the Commission on Sept. 28; they also appointed R. C. Harris, Commissioner of Works of the City of Toronto, E. L. Cousins, General Manager of the Harbour Commission, and F. A. Gaby, Chief Engineer of the Hydro-Electric Power Commission of Ontario, in a consulting capacity, with a view to co-ordinating the interests which they represented, with those of the Street Railway. In a press interview of Oct. 1st, Mr. Ellis practically admitted the Street Railway Company's contention as to rates by indicating that car fares would have to be increased if sufficient revenue was to be obtained by the City to meet operating and capital charges: "It would be the duty of the Commission to make the enterprise self-sustaining and, therefore, a scale of fares would have to be charged that would cover the cost of the service rendered."

The Montreal Tramways Co. during 1920 faced the usual labour troubles of the time. Its employees submitted a demand for a general increase in wages, amounting to about $3,500,000 per annum, which the Company declined to accept. The matter was referred to a Board of Conciliation, appointed under the Industrial Disputes Act of 1907, which unanimously agreed to grant them an increase of approximately $800,000, and this was accepted. There was an increase of fares, also, effective on Sept. 1st and making the total fare 4 for 25 cents. The Assets for the year of June 30, 1920, were $44,769,193 of which $42,097,159 was the cost of road and equipment, the Liabilities included $3,830,240 of common stock, $17,000,000 Debentures, $16,335,000 of Mortgage gold bonds and $3,273,153 of Underlying Bonds. The gross revenue of the year was $2,375,579, the expenses $1,923,071 and the net income $452,508 from which dividends of 7½ per cent. for three quarters of the year were paid and, out of Surplus account, deferred dividends on common stock; the accumulated surplus was $941,175. The operations under contract with the city showed gross earnings of $10,782,470 for the year and, since Feb. 10, 1918, a total of $22,354,680; the operating expenses and taxes, maintenance and renewals totalled, for the respective periods, $8,040,468 and $16,779,305; the Allowances due Company were, respectively, $2,452,269 and $5,795,411; including obligations due the city, when earned, the deficit was $364,700 for 1920 and $1,728,811 for the whole period up to June 30, 1920.

The Winnipeg Electric Railway showed receipts of $2,796,703 in 1919 or an increase of $633,000 over 1918—despite the Street Car strike and stoppage of business for many weeks.

For the calendar year 1920 its gross earnings were $5,233,700, operating expenses $3,428,897 and net Income, after deducting all charges, $796,575. The gross earnings increased nearly $1,000,000 in the year and the net income half a million. The Assets, including physical properties at a reproduction cost of $25,761,893, were $30,914,057; the capital stock issued was $9,832,200 and the Debentures $4,380,200, with a Funded Debt totalling $5,375,000. In July a Board of Arbitration increased wages to the Company's employees and made them retroactive to the 1st of May.

The Company applied to the Manitoba Public Utilities Commission for increased rates and these were granted with an appraisal of the physical value of the Company's property also made. The President of the Company was Sir Augustus Nanton with A. W. McLimont, Vice-President. The British Columbia Electric Railway Co., Ltd., of Vancouver, was an English concern with a Board of Directors in London; R. M. Horne-Payne was Chairman of the Board and the capital issued was £4,320,000. The net revenue for the year was £412,327 and the balance, after paying ordinary dividends and interest, was £84,181; additional dividends were paid and a balance carried over of £12,645. In the annual Report it was stated that Dominion, Provincial and Municipal taxation were all rising rapidly and that the total in 1918 was $172,806, in 1919 $288,581, and in 1920 $373,098.

Meanwhile, electrification of inter-urban lines and railways of even wider scope was growing in popularity as coal became higher in price and more difficult to get. E. W. Beatty, President of the C. P. R., stated at Vancouver on Jan. 31, that electrification of lines was a project receiving close consideration: "Certainly it is one of the future but we can foresee increased efficiency that would result and believe that, if practicable, it would constitute a great improvement on a single track system, and especially in mountain service." During the year the electrification of the Montreal Harbour railway terminals, consisting of surface lines with a total trackage of 58 miles, situated between the Victoria Bridge and the Imperial Oil wharf, was well in hand, with about 42 miles of track to be in operation by the Spring of 1921. In the United States the electrification of steam roads was proceeding steadily with 700 miles of the Chicago, Milwaukee and St. Paul, 200 miles of the Long Island Railway, 372 of the New York Central and 534 of the New York, New Haven and Hartford completed by the middle of the year and about 1,000 miles of lesser lines.

As to Radials, the Hydro movement in Ontario (dealt with elsewhere as a Provincial matter) took form and shape during the year with the operation of the Illinois Traction system and of the Connecticut Company as illustrations of American success along somewhat similar lines; the investigations of the Ontario Commission of Enquiry evoked varied facts and arguments as to success or otherwise of electric radials in Canada. Like other interests they had to face the growth of the motor-bus, the motor-truck and the Good Roads movement. The truth in all these methods or elements of transportation, including the steam railways and the shipping interests, was probably midway between the view of the capitalist seeking favourable investments and the public ownership enthusiast who saw only the surface public interest and the pleasures of cheap, if temporary, rates. "Ship by Truck" became, indeed, quite a popular slogan during the year and greatly helped the farmer in getting his products and stock to market, and the wholesaler in shipping short distances. It was an electrical competitive influence which could not but have some effect.

The question of rates was one of the problems of the year all over the Continent; as with steam railways so it was with the electric lines. Popular opinion made profitable operation—and operation which might have been popular through the good service which must always be expensive—increasingly difficult under private ownership. In Montreal Street railway rates were raised during 1920 to four tickets for 25 cents while in Toronto they still remained six for a quarter. It was well understood they would have to go up under Civic ownership and the Toronto *Telegram* of June 22 estimated that to earn the $10,320,000 necessary under Civic control and essential expansion, as well as the $1,640,000 which the city would have received under the old private ownership contract, an increased fare of one cent would be imperative. Expert opinion looked upon two cents as quite probable. In this connection it is interesting to note that the following rates were charged by the principal Street Railway Companies of the United States on Oct 1st, 1920 (the 10 cent total including Chicago Elevated Lines) according to a statement issued by the American Electric Railway Association:

	No. of cities	Total population	Average Populat'n
Ten cents cash fare	81	6,613,477	81,648
Nine cents cash fare	3	176,226	58,741
Eight cents cash fare	55	5,622,031	102,218
Seven cents fare, one cent transfer charge	26	1,742,586	67,022
Seven cent zones	6	393,602	65,600
Six cent city zone, six cent outside zone, two cent transfer charge	10	485,810	48,581
Seven cent cash fare	164	7,360,768	45,005
Seven cents for first zone and six cents per zone thereafter	13	682,651	52,512
Two six cent zones	3	79,069	26,356
Six cent zones, average length two miles	1	66,503	66,503
Six cent cash fare	132	6,721,320	50,919
Two five cent zones	2	178,034	89,017
Five cent city zone, five cents outside	8	201,371	25,171
Five cent city zone, 2½ cent zone outside	2	43.122	21.561
Five cent city zone one cent charge outside	1	38,272	38,272
Five cent fare—additional charge for transfers	6	6,620,283	1,103,380
Five cent fare, no reduced rates	26	885,628	34,063

	No. of cities	Total population	Average Populat'n
Five cent straight fare, reduced from former fare of 6 cents	1	42,650	42,650
Total number of cities	540	37,953,403	70,284

Canadian Waterways and Power; St. Lawrence Navigation and the International Joint Commission.

Intimately associated with the resources and development of Canada at this time were its great waterway systems. They had large possibilities in power production, the cheapening of industrial products and the supply of heat and light; they promised cheaper transport for grain and a shorter route from the West to Liverpool; they touched the fringe of international relations at various points. The estimated undeveloped horse-power of Canada's waterways in 1920 was 19,260,000, with about 40 per cent. of this available in populated areas with, also, 2,417,000 h-p. in actual use. Electrical projects involving over 1,000,000, additional, of hydro-electric horse-power were under way; in January, 1919, there were in Canada 795 central electric stations with 1,841,114 h-p developed and a capital investment of $401,942,402, with revenue from sale of power $53,549,133 and operating expenses of $30,265,866. All the greater industrial centres were provided with hydro-electrical power; other centres could be created or aided by the application of new spheres of energy. Of these latter the greatest was the St. Lawrence River.* According to a pamphlet published in this year by Arthur V. White, a recognized authority, its resources were as follows:

Site	Head available	Estimated low-water 24 hr. h-p.	Average 24-hr. low water h-p.
Morrisburg-Rapide Plat	11-15	170,000—230,000	200,000
Long Sault Rapid	30-40	500,000—650,000	575,000
Coteau Rapid	15-17	230,000—260,000	250,000
Cedars Rapid	30-32	490,000—525,000	500,000
Split Rock and Cascades Rapids	14-18	220,000—280,000	250,000
Lachine Rapid	20-30	300,000—450,000	375,000
Total		1,910,000—2,395,000	2,150,000

Canada already had spent about $90,000,000 on this Waterway in canalization and deepening of the channel; in the Commons on April 23 Hon. C. C. Ballantyne, Minister of Marine, stated that $20,000,000 more would be required to complete the 35-feet channel from Montreal to the Sea; the estimated cost of deepening channels and canals to admit of ocean steamers passing up into the Great Lakes and entering the harbours of Toronto, Port Arthur and Fort William in Canada, or Duluth, Detroit and Chicago in the United States, was $150,000,000. Canada and the United States had already spent over $100,000,000 to connect Lakes Erie and Ontario alone; in 1919 a pronounced agitation developed in both countries to connect all the great Lake ports with ocean navigation. The movement began in the organization of the Canadian Deep Waterways and Power Association for the Dominion, and the Great Lakes-St. Lawrence Tide-Water Association for the United States. It originated, in part, from the Georgian Bay Canal agitation of preceding years in Canada; it had a wider vogue through Congressional discussions as to American Lake cities and ocean shipping; it was strongly supported in the Western States and in Ontario while meeting with considerable opposition in New York State and at Montreal.

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*Note—For the Ontario development of Niagara Falls and other Water-powers see the Ontario Section.

The proposed improvements of the St. Lawrence fell into two sections: (1) 113 miles of international boundary waters running from Lake Ontario to St. Regis and (2) 67 miles of Canadian waterway running from St. Regis to Montreal. As far back as 1909 the general question of international waterways had been dealt with in the Convention of that year between Canada and the United States, and it was agreed, late in 1919, under Article 9 of that instrument to submit the proposals for development of the St. Lawrence to the International Joint Commission—a body created to deal with Boundary Waters and questions arising along the boundary between the United States and Canada. This Commission was composed of P. B. Mignault, K.C., of Montreal, C. A. Magrath, ex-M.P., of Ottawa, and H. A. Powell, K.C., of St. John, representing Canada, and ex-Senators C. D. Clark of Wyoming and Obadiah Gardner of Maine, with Hon. R. P. Glenn of North Carolina, representing the United States. L. J. Burpee was the Canadian Secretary.

Early in the year Sir Wm. Hearst, K.C., lately Prime Minister of Ontario, replaced Mr. Mignault upon the Commission—the latter being appointed to the Supreme Court at Ottawa. The new Commissioner's appointment was generally well received with, however, a dissenting note in some French Canadian comment—especially by *Le Soleil*—on the ground of that Province not being represented on the Board. Early in 1920 this Commission entered upon an active study of the situation under instructions from the Governments of Canada and the United States and with a reference set forth in identical Notes, addressed to the Commission by Mr. Lansing, U.S. Secretary of State, and Mr. Rowell, Acting Canadian Secretary of State for External Affairs, which included the following questions:

1. Upon what basis should the capital cost of the completed improvements be apportioned as between Canada and the United States?
2. Upon what basis should the costs of operation and maintenance be apportioned to each country?
3. What method of control is recommended for the operation of the improved Waterway in order to secure its most beneficial use?

4. Will regulating Lake Ontario increase the low-water flow in the St. Lawrence ship channel below Montreal and, if so, to what extent and at what additional cost?

5. To what extent will the Improvements develop the resources, commerce and industry of each country?

6. What traffic, incoming and outgoing, in kind and quantity, is likely to be carried upon the proposed route both at its inception and in the future? Consideration to be given not only to present conditions, but to probable changes therein resulting from the development of industrial activities due to availability of large quantities of hydraulic power?

The reference, as a whole and from the engineering point of view, involved consideration of 4 methods or plans: (1) by means of locks and navigation dams in the river; (2) by means of locks and side-canals; (3) by a combination of the two preceding methods; (4) by means of locks and power dams. The channels to be considered were of 25 to 30 feet depth at low water and outline plans and preliminary estimates were to be submitted based upon Welland Canal enlargements and Niagara Falls power development. The general scheme was to show (1) the best means of improvements looking to navigation alone and (2) the most efficient way of utilizing the St. Lawrence for power purposes. As the handling and disposal of ice was a fundamental difficulty on the St. Lawrence River, the arrangements necessary for this purpose were to be discussed.

Following the receipt of these instructions, the Commission met in New York on Feb. 13 and arranged for a series of sittings in American and Canadian cities to hear argument on the proposed international improvements. The first of these sittings was held at Buffalo on Mch. 1st and 2nd when large delegations for and against the project were present. Mr. Gardner, in opening the proceedings said that the fate of the proposals must rest upon the commercial value of the enterprise, measured against the cost. The Commission, at this stage, had no prejudices for or against; it did not know yet whether the plan was sane or insane. Although the Commission was composed of three Americans and three Canadians, its decisions had so far been unanimous and he believed it afforded a practical example for the League of Nations in the amicable settlement of international questions: "Our deliberations have always been distinguished by a spirit of give-and-take and compromise. The Commission has settled a number of cases along the boundary, some of which bore the seeds of international trouble and, so unobtrusively, that a large number of people have not been aware of its existence."

The Hon. S. A. Dempsey of New York City addressed the Commission in opposition to the scheme and with powerful backing from corporate, Erie Canal, railway and political interests. He contended that such a deep waterway would be impracticable since, on account of ice-troubles, it could be navigated only by steamers of special construction. He foresaw international complications in case of war in which either the United States or Great Britain might be involved. Moreover, Buffalo, Philadelphia, Baltimore, and New York would receive no advantages from the plan even if it were, otherwise, a success. Frank M. Williams, a civil engineer representing the State of New York, said that such canals were not necessarily effective in solving transportation problems. The eastern terminus of the proposed waterway would be Montreal, which was icebound for five months in the year, while New York was open every day. He protested against any scheme which would depreciate New York State's investment of $200,000,000 in the Erie Canal and alleged that the funds for St. Lawrence canalization would have to be found largely by the taxpayers of New York.

Henry W. Hill, ex-Senator, was the leader of the New York forces and in his statement he declared the scheme to be "radical, speculative and enormously expensive." He was not opposed to an international agreement as to the Power question alone but, he added, "the oil and coal interests have not been heard from." In the press—especially in the Hearst papers—and in discussions during the sittings, a good deal of feeling was expressed as to the whole matter being a Canadian scheme to get aid from the United States monetary interests. Mr. Gardner, as Chairman, declared that its origin was in the House of Representatives at Washington. J. H. Finley, a Washington electrical engineer, described what he thought electrical development would do for the Eastern States: "I can see the time, not far distant, when all the railroads, all the manufacturing interests, and all the lighting requirements of the people will be supplied by electrical energy." His opinion was that the international waterways of the St. Lawrence were capable of developing 2,000,000 horse-power and that the value of the power developed would carry the whole cost of canalization.

The Canadian viewpoint was expressed by W. D. Gregory, representing the Ontario Government, R. S. Gourlay, the Toronto Harbour Commission, J. M. Campbell, President of the Kingston Board of Trade, A. C. Garden of Hamilton, and A. C. Lewis, M.L.A., of the Deep Waterways Association. Mr. Lewis spoke strongly: "The assumption that the benefit of water transportation to the markets of Europe are the inalienable right of the Atlantic seaboard and that the Central and Western sections of these two countries should be forever hampered by the excessive cost of long rail-hauls cannot any longer be suffered." Early in May the Commission began its Canadian tour. At North Bay on the 7th A. J. Young introduced the Georgian Bay Canal scheme and declared the St. Lawrence plan to be of no value to the Northern country without a canal from Lake Nipissing to Georgian Bay by way of French River. Such a canal could produce 30,000 horse-power of electric energy. Arthur A. Coles, mining engineer of the T. and N.O. Railway, spoke of the enormous mineral and forest wealth of the North. There would be an abundance of freight for transportation; the gold production now had a value of $10,000,000 per year; the annual output of lumber was about 100,000,000 feet of pine, 350,000 cords of pulpwood, and nearly two million ties.

At Sault Ste. Marie on May 10 a comparison of distances was presented by L. S. Sabin, Superintendent of the St. Mary's Falls Canals. By the St. Lawrence route, the distance from the Sault to Liverpool would be 4,128 miles; by the Erie Canal route it was 4,549 miles, and by the Oswego-Mohawk route, 4,641 miles. The sailing time for an average cargo steamer would be 16 days, 15 hours by the St. Lawrence, and 19 days, 15 hours by either of the other routes. The total shipping passed through the Sault canals in 1916, the record year, had been 91,000,000 tons. The total shipping in New York harbour during 1917 was 57,000,000 tons. All the testimony heard at Sault Ste. Marie and also at Marquette, Michigan, was strongly favourable to the St. Lawrence route proposals. An important point was made in a joint report from the Board of Trade and City Council of the Sault by the statement that the two great local industries, the Algoma Steel Corporation and the Lake Superior Paper Co., could bring in certain raw materials much cheaper by boat that at the present time. The completion of the St. Lawrence scheme would open the coal-fields of the Maritime Provinces to the industries at the head of the Lakes. It would benefit industry by enabling the shipment of steel products eastward in boats which could bring back the large quantities of coal required; it would make possible the fuller utilization of millions of low-grade ores existing in the district; the cheaper transportation would ensure the establishment of an industry for refining pyrites which were now shipped to the seaboard for this purpose.

At Fort William the Commission received a Memorandum prepared by the Boards of Trade and City Councils of Fort William and Port Arthur. After reciting the advantages which would result from the full use of the 30 miles of deep-water dockage available at these ports the document concluded as follows: "Considering the immense traffic of the Lakes and the future possibilities of development for our transportation facilities when up to the mark, we believe that the making of these two harbours ocean-ports will do much to push forward the economical and financial growth of Canada and the United States." A note of opposition was sounded at the hearing in Winnipeg on May 15. Mayor Charles F. Gray considered that the more immediate need for the West was the completion of the Hudson Bay Railway to tide-water on the North. This would cost about $4,000,000 as compared with what he described as a possible expenditure of $400,000,000 for the St. Lawrence project.

W. A. Milner, Secretary of the Winnipeg Board of Trade, claimed that the returns from the Deeper Waterways would not be commensurate with the cost, and stated that, in the opinion of the organization he represented, the saving in freight rates would not exceed 1½ cents on a bushel of grain. T. R. Deacon, recently appointed Vice-President of the Deep Waterways Association for Manitoba, rather curiously, doubted if sufficient information concerning the project was available for Western business men to base an intelligent opinion upon. During this Session Hon. R. B. Glenn, one of the American members of the Commission, was stricken with sudden illness and died. Calgary was visited by the Commission on May 22, but no detailed information was available; the surrounding municipalities, Councils and Boards of Trade had not studied the question.

From Calgary the Commission proceeded to Montana and Wyoming, and, in the United States during the early part of June, held sittings in Wisconsin and Michigan. After a summer adjournment further opinions were heard at various cities. At Ottawa on Oct. 6 an alternative scheme was presented by John Bingham, President of the Ottawa Board of Trade, and Noulan Cauchon, consulting engineer; the plan was to connect the Ottawa River and the St. Lawrence by a deep-water canal with terminals near Ottawa and at Cardinal. It was contended that fewer locks would be necessary, that the cost would be less than the St. Lawrence project by $100,000,000, and that 2,000 square miles of swamp-lands in Eastern Ontario would be reclaimed. As to the question of developing electric energy along the St. Lawrence, it was also contended that Canada could not use all the power which could be produced and, consequently, it would be exported to the United States to the disadvantage of the Dominion.

Montreal was visited on Oct. 8 and 9. The Board of Trade, the Shipping Federation, and the Harbour Commissioners gave evidence which had an unfavourable tendency. It was claimed by some witnesses that ocean vessels could not be profitably employed on inland waterways and that for this reason they regarded the deepening of the waterways as mainly to the advantage of Lake vessels carrying heavy cargoes to tide-water. Others expressed strong objection on the ground of expense. W. G. Ross, Chairman of the Harbour Commissioners, urged improvement of the present St. Lawrence Canal system and other waterways to the extent of facilitating the access of larger lake boats to the Port of Montreal: "My Commissioners are strongly of the opinion that no further Hydro development of power on the St Lawrence should be permitted until an ultimate plan has been decided on and developed that will satisfy Canadian interests and safe-guard the navigation of the St. Lawrence." The Chambre du Commerce expressed its preference for the Georgian Bay Canal scheme as compared with improvements in the upper St. Lawrence. As to the development of power, the Montreal witnesses expressed warnings against allowing such energy to be controlled by private interests. George Sumner, President of the Board of Trade, presented the following Resolution of his Board:

> That the canalization of the St. Lawrence waterway is both desirable and inevitable and that this important work should be undertaken by the Government as soon as the finances of the country justify the necessarily heavy expenditure it will involve; that in view of the waterpower which such canalization work will render available and the need of such power for the further development of our manufacturing industries it is most necessary that any scheme of deepening the St. Lawrence waterway should include provision for power protection and that such power should not be allowed to pass into private hands, but be entirely under Government control; that as ocean vessels cannot be profitably employed on inland waters and as lake vessels are unsuited for ocean travel, it is necessary that the latter should be enabled to reach the ocean port so as to avoid transfer of their cargo to smaller craft and, therefore, that the inland waterways should be all of sufficient depth to permit of the largest lake vessel reaching Montreal.

R. Wilson Reford, President of the Shipping Federation, submitted a Memorandum expressing opposition to the proposal because it would interfere with the water-level of the St. Lawrence, because there was no complete plan yet prepared and because it would mean a costly deepening of all the approaches to canals and a dredged channel from Montreal to Lake Ontario and up the Detroit and St. Claire rivers with the rebuilding of the Welland and Ste. Marie canals to a depth of thirty feet. It was said that transportation under these expensive conditions, coupled with ice difficulties, would not be economical; it was asserted that the scheme emanated from private Companies who were seeking to create and control large water-powers; it was described as of vastly more benefit to the United States than to Canada. The cost was placed at $200,000,000 and the Georgian Bay Canal was declared much more preferable.

At the hearing in Kingston Sir Adam Beck presented a Memorandum to the Commission in which he asserted that the potential power-value of the chain of waterways from Sault Ste. Marie to Montreal was about 4,500,000 horse-power, equivalent to 90 million tons of coal per annum. He declared that deep craft navigation and power development were inextricably bound together: "Canada and the United States must make provision for developing the immense latent power resources of the St. Lawrence River, and they must formulate their plans without delay if a serious check in industrial development is to be avoided." All the other interests heard in Kingston and in Toronto on the following day were favourable to canalization, but there was a lack of definite and clear-cut testimony in the latter city. Mayor T. L. Church and E. L. Cousins gave some vigorous testimony; the former declared that Toronto had been saved $20,000,000 through Ontario's Hydro-power; that further power developments on the St. Lawrence canals would bring enormous benefits to industry and agriculture, both in Canada and the United States; that every year electrical energy was going to waste in the St. Lawrence, which was the equivalent of $400,000,000 worth of coal; that the finest system of inland waterways on the continent was lying idle because deep-draught vessels could not pass through a 48 mile section of the St. Lawrence River. T. A. Hollinrake of the Canadian Manufacturers' Association, declared that coal and steel could be brought from Sydney if a sufficient depth were given in the St. Lawrence to enable bulk cargoes to be brought up the Great Lakes.

The Commission was in New York on Oct. 19, 20, and 21, and there Emil P. Albrecht, of Philadelphia, declared that in case of war between Great Britain and the United States an American investment in the St. Lawrence improvements would be imperilled and, he added, "if Canada wants this Canal, let her pay for it." During the session strong opposition was expressed to the project with arguments based largely upon its alleged economical unsoundness. Included amongst the antagonistic elements were the Chamber of Commerce, the Merchants' Association, the N.Y. Board of Trade, the Produce Exchange, Bronx Board of Trade, Brooklyn Chamber of Commerce, Queens' Chamber of Commerce and City Club. It was contended that the traffic would be largely one way, that Lake vessels were unqualified for sea voyages and that the marine insurance would be very costly because of hazards in the St. Lawrence River.

On the other side of the question were Herbert C. Hoover, W. C. Redfield, lately U. S. Secretary of Commerce, Julius H. Barnes, Admiral W. S. Benson, W. L. Saunders, President of the American Manufacturers' Association, J. R. Howard, President of the American Farm Bureau Federation, and many leaders in finance and trade from the West. The friends of the project argued that it would reduce the cost and expediate the movement of United States grain exports, and thereby widen the farmers' margin of profit; the necessity of developing this Hydro-Electric power in order to conserve the coal supply of the United States was declared of outstanding importance; continued congestion of transportation lines between the East and

West, and the clogging of New York piers month after month with export and import freight, would, it was claimed, be avoided.

Meantime, the Canadian Deep Waterways and Power Association, of which O. E. Fleming, K.C., Windsor, was President, and W. M. German, K.C., Welland, Hon. President, with E. L. Cousins, Toronto, George G. Guy, Hamilton, and George A. Graham, Fort William, Vice-Presidents, had been active in its operations. Major A. C. Lewis, Toronto, was the energetic Secretary and F. Maclure Sclanders of Windsor the Hon. Secretary; a Convention was held at Winnipeg on Jan. 28 with 100 delegates present and an address given by Mr. Fleming in which he stated that deepening the waterways meant a saving of 5 cents a bushel on Western wheat with the $5,000,000 to $7,000,000 gained each year as sufficient to pay interest on the project. He also stated that United States supporters were pledged to go into the scheme on the basis of 50 per cent. of the cost of building and maintenance. At Brockville on Oct. 7 Major Lewis stated that the project meant $9.00 power and a city of 50,000 people; the Board of Trade warmly approved the policy as had the Grand River Valley Board earlier in the year; at Toronto on Nov. 10 Mr. Fleming stated that $70,000,000 worth of coal imports yearly could be saved by utilizing St. Lawrence power.

The annual meeting of the Association was held in Toronto on Dec. 17 and Resolutions were passed urging the Ontario Government to give substantial financial aid to the Association in carrying on its operations, calling upon the Dominion Government to speed up the Welland Canal construction and all public works in Canada and asking the Government also, to endorse the deepening of the St. Lawrence River at the earliest possible moment. F. H. Keefer, M.P., Port Arthur, Senator I. L. Lenroot of Wisconsin spoke and the officers above mentioned were re-elected, together with Sir Adam Beck and Mayor T. L. Church of Toronto as Hon. Vice-Presidents, and T. R. Deacon of Winnipeg as a Vice-President. S. A. Thompson, Secretary of the U. S. Rivers and Harbours Association, compared costs of transportation as follows: "In United States, by team, per ton, 23 cents; in England, by truck, per ton, 5 cents; in United States, by railway, per ton, 7½ mills; on Erie canal, per ton, 3½ mills; on European canals, per ton, 2 mills; on Sault canal, per ton, ¾ mill." He claimed that in England and Germany, waterway transportation facilities actually attracted business to steam railways. Senator Lenroot declared that there was only one way to bring the Atlantic to the Great Lakes, and that was by deepening the St. Lawrence River; United States railway congestion, as between Chicago and the East, would be relieved; Canadian farmers would save 20 million dollars this year in the transportation of their wheat crop; millions of dollars would be saved to consumers in both countries because every city on the Lakes would have the same advantages that coast cities now had. Referring to the Great Lakes and St. Lawrence Tide-Water Association, the Senator stated that: "Fourteen States on our side of the line have banded together as an Association to put the project through and this year intend to raise the sum of $175,000 for educational work." Dr. T. Kennard Thompson, a distinguished New York engineer, presented a scheme of combined private capital and Government control at a cost of not over $100,000,000—as follows:

> If the two Governments will agree to a common-sense contract which would give the Governments control of the design, construction, operation, selling-price of power, collection of taxes and provide a Commission to be paid, a private corporation for furnishing capital, doing all the work and selling the power, then the two Governments would be able to get ample draft for ocean-going vessels to the Great Lakes, get six million horse-power a year, and build up undreamed of manufacturing interests, resulting in unheard-of prosperity for the whole continent, without the expenditure of a single cent, except a trifling amount for supervision, which would be as nothng compared with the taxes collected.

Earlier in the year, a booklet had been issued by the Canadian Association which described seven outstanding advantages to Canada from the realization of the Waterway scheme: (1) reduction of freight rates; (2) elimination of transfers; (3) elimination of shortages in Eastern elevators; (4) retention of identity of grain shipped; (5) elimination of shrinkage and resultant reduction in quality on account of the numerous transfers necessary in Eastern elevators; (6) elimination of delays to shipments, on account of waiting for ocean space; (7) Fort William and Port Arthur to be continued as final points for inspection of Western grain. It may be added that there was one rather important objection to the project which was asserted in both countries. In Canada it was said that any international control of, or co-operative action in connection with, the St. Lawrence would prejudice Canada's power over its greatest waterway to the sea in case the United States were at war with some power allied with or friendly to Canada and the British Empire; in this claim there were points deserving very serious consideration. Opponents in the United States also raised a similar point although a very small portion of the River touched American soil. F. M. Williams, State Engineer of New York, in his annual Report for 1919-20 went so far as to assert that "the St. Lawrence project will take the control of the Waterway out of the hands of the United States!"

The Canal System and Waterway Traffic of Canada in 1920.

The Canal traffic of Canada in the season of 1919 included a total of 9,995,266 tons of freight moved and 291,800 passengers carried—a decrease of 8,888,353 tons and an increase of 79,649 passengers. In this connection the through water route between Montreal, at the head of ocean navigation, and Fort William and Port Arthur, on the west shore of Lake Superior, comprised 74 miles of canal, with 48 locks and 1,155 miles of river and lake waters, or a total of 1,229 miles. The minimum depth of water on this route was 14 feet. From Montreal to Duluth, on the southwest end of Lake Superior, the total distance was 1,354 miles, and to Chicago 1,286 miles. Connection was made with the Canadian Pacific Railway from points west and south at Fort William and Port Arthur (6 miles apart). From Fort William connection with the main transcontinental line of the Canadian National Railways was made by the branch line originally constructed by the Grand Trunk Pacific, but in 1920 leased to and operated by the National Railways.

According to the 1920 Report of the Department of Railways and Canals—submitted as to the latter by W. A. Bowden, Chief Engineer—on all this through route the approaches to the canals and channels of the intermediate river-reaches were well defined, and were lighted with gas buoys under the control of the Department of Marine and Fisheries, admitting of safe navigation in the hands of competent pilots, both by day and night. The Lachine, Soulanges, Cornwall, Welland and Sault Ste. Marie Canals were lighted throughout by electricity, and electrically operated. The Farran's Point Canal was lighted by acetylene gas. Of the minor systems, the Murray, Trent, Rideau and Ottawa River Canals could be considered, geographically, as branches of the through east-and-west route. In operation, however, these Canals served a distinct traffic of more local nature. Isolated from the systems just mentioned, the navigation of the Richelieu river, from its junction with the St. Lawrence at Sorel to Lake Champlain, was effected by means of the St. Ours Lock and the Chambly Canal; while in the extreme east the St. Peter's Canal provided communication between the Bras d'Or lakes of Cape Breton Island and the Atlantic ocean. The following table affords official details as to these canals:

St. Lawrence and Great Lakes	Location	Length in Miles	No of Locks	Depth Locks Ft.
Lachine	Montreal to Lachine	8.50	5	14
Soulanges	Cascades Point to Coteau Landing	14.00	5	15
Cornwall	Cornwall to Dickinson's Landing	11.00	6	14
Farran's Point	Farran's Point Rapid	1.25	1	14
Rapide Plat	Rapide Plat, Morrisburg	3.67	2	14
Galops	Iroquois to Cardinal	7.33	3	14

Name	Location	Length in Miles	No. of Locks	Depth of Locks
Murray	Isthmus of Murray, Bay of Quinte	5.17	none	12
Welland	Port Dalhousie, Lake Ontario to Port Colborne, Lake Erie..	26.75	26	14
Sault Ste. Marie	St. Mary's Rapids, 47 miles West of Lake Huron	1.41	1	19.5
Ottawa and Rideau Rivers				
St. Anne Lock	Junction of St. Lawrence and Ottawa Rivers	0.12	1	9
Carillon	Carillon Rapids, Ottawa River.	0.75	2	9
Grenville	Long Sault Rapids, Ottawa R.	5.75	5	9
Rideau	Ottawa to Kingston	126.25	47	5
	Rideau Lake to Perth (Tay Branch)	7.00	2	5
Richelieu River				
St. Ours Lock	St. Ours, Que.	0.12	1	7
Chambly	Chambly to St. Johns, Que. ..	12.00	9	7
Miscellaneous				
Trent	Trenton to Peterboro' Lock, Peterboro'	89.0	18	8.3
”	Peterboro' Lock to head of Lake Couchiching	114.6	23	6
”	Sturgeon Lake to Port Perry (Scugog Branch)	30.0	1	6
”	St. Peter's Bay to Bras d'Or Lakes, Cape Breton, N.S.	0.49	1	18

During 1919 and 1920 construction on the new Welland Ship Canal proceeded steadily. Its route was to be from Lake Ontario at the mouth of Ten Mile creek, about three miles east of Port Dalhousie—along an entirely different route from the existing Canal—as far west as Allansburg, about half-way across the peninsula; from there it was to run along the course of the existing canal to Port Colborne on Lake Erie. The total distance traversed from Lake to Lake was to be 25 miles. The difference of level between the two Lakes, 325½ feet, would be overcome by seven lift locks, each having a lift of 46½ feet; the locks were to be 800 feet long and 80 feet wide in the clear and provide a depth of 30 feet of water over the mitre sills. The width of the Canal prism was to be 200 feet. A new breakwater, under construction, was to be built at Port Colborne, extending 2,000 feet farther into the lake than the present breakwater. Speaking on this matter (Jan. 9) at Montreal, Hon. J. D. Reid explained that the Welland Canal, which originally admitted vessels of 2,500 tons, was to be enlarged so as to accommodate vessels of between 8,000 and 10,000 tons. He stated that when it was first decided to bring vessels from Port Arthur to Kingston, they had in mind the canalization of the St. Lawrence so that they could proceed to Montreal and, if the War had not intervened, this policy would by now have been realized; in the system, as a whole, it may be added, ships drawing 30 feet of water could traverse the first 1,000 miles up to Montreal while vessels drawing 14 feet, and not exceeding 255 feet in length, could traverse another 1,200 miles to the head of Lake Superior.

As to the unfinished Trent Canal it had been open 206 miles between Trenton, on the Bay of Quinte, or Lake Ontario, to a point called Washago at the head of Lake Couchiching since June, 1918; on the westerly portion of the route of the Canal, or between Lake Couchiching and Georgian Bay, various works were under construction and, when completed, the total length from lake to lake would be about 236 miles. The Sault Ste. Marie Canal contained two of the greatest canal locks in the world—on the Canadian side 800 feet long and 60 feet wide and on the American side 900 feet long and 100 feet wide; in 1919 68,235,542 tons of freight were carried through these channels between Lakes Superior and Huron. The expenditure on Canals for the year of Mch. 31, 1920, totalled $6,995,152 of which $3,449,963 was for the Welland Ship Canal and $1,288,611 for the Trent; the total to date on all Canals was $131,492,772 chargeable to capital and $9,684,587 chargeable to Income; to this date the Trent Canal had cost a total of $21,050,344 and the Welland Ship $20,270,436.

The vast carrying trade of 60,000,000 tons going yearly through the Sault Ste. Marie Canals—Canadian and American—included chiefly iron ore, coal and wheat. In this Lake trade between Superior, Huron and Erie special boats had been designed, the largest about 700 feet in length and these could be loaded and unloaded in a marvellously short time. The development of this trade had made necessary the deepening of the waterways joining the three Lakes, with a controlling draft in 1920 of about 20 feet. Hence the Canadian construction at this time of the New Welland Canal, joining Lakes Erie and Ontario, which would accommodate boats drawing 25 feet. In 1920 the number of vessels passing through the Canadian Sault Canal was 4,010 with 5,141,206 tons of freight and 43,455 passengers. Through both American and Canadian canals the number of vessels was 18,848 and the tonnage 58,196,498. The total cargoes carried through these two Canals were 79,279,615 tons and included 143,345,010 bushels of wheat, 51,641,531 bushels of other grains, 56,642,679 tons of iron ore down and 12,096,762 tons of soft coal and 2,056,966 tons of hard coal up.

In this year the number of vessels using the Welland Canal was 3,124 and the tonnage 2,528,256; the St. Lawrence Canal was used by 6,958 vessels with a tonnage of 3,675,279 and passengers numbering 62,397. The Ottawa, Rideau, Murray, Chambly, St. Peter and St. Andrews were all under 1,700 in the number of vessels and 240,000 tons in freight. The Trent Canal, which opened for traffic 200 miles of waterway between Trenton and Georgian Bay, in 1920 carried 5,568 vessels with a net tonnage of 160,761 and 97.849 passengers.

Canadian Shipping Interests in 1920; National and C. P. R. Steamship Lines.

The question of a Merchant Marine for a country like Canada, with its two great ocean coast lines, its vast network of lakes and rivers, its industrial and trading activities, would appear to have only one answer; until 1917-20, however, the issue was not a practicable one because the day of wooden ships had gone; only the stimulus of war needs had been able to sweep production into this vital link in the chain of commerce. With the construction of ships by the Imperial Munitions Board came the impetus; following the completion of its contracts came the Dominion Government's ship-building programme, elsewhere dealt with, and the establishment of a Canadian Government Merchant Marine.

This, during 1920 constituted—under control of the Canadian National Railways Board—a fleet in building of 63 ships with, on Jan. 1st, 12 Canadian freighters, running from 3,400 tons to 8,390, already operating between Canadian ports and Buenos Ayres, Montevideo, Barbadoes, Trinidad, Havana, Jamaica and Liverpool. Under construction, with many nearly completed, were 2 ships of 10,500 tons, 25 of 8,390 tons, 8 of 5,100 tons, 6 of 4,575 tons, 1 of 4,540 and 1 of 4,485 tons, 9 of 3,990 tons, 2 of 3,890 tons, 2 of 3,500 tons, 4 of 3,400 and 3 of 2,800 tons. The total cost of these vessels was to be $73,029,435, the total deadweight tonnage 380,435, and the average cost per deadweight ton $191.96. British construction became cheaper than Canadian or American during this year but the comparison given as below in the Report for Mch. 31, 1920, by the Department of Marine did not show unreasonable Canadian prices: "Recently the British Government sold to France 40 steel freighters, some of them built in Canada for the Imperial Munitions Board, at an average rate of $185 per ton; in Japanese yards the present cost of steel vessels is $185 per ton; in British yards the small freighters ranging from 3,000 to 4,000 tons are selling at $190 per ton; the cost of the output of American yards runs from $200 to $220 per ton for steel freighters."

By Mch. 31 it was stated that 25 of these ships were in commission plying not only to Britain, South America, and the West Indies, but also to Japan, Australia, South Africa and India. As India and Australia were planning in this year a preference to Canada and other Dominions, as well as Britain, the prospects of increased trade were good. The start given to construction by the Imperial Munitions Board included 88 ships of a total tonnage (d.w.) of 349,163 which cost the British Government $70,000,000 or $200.48 per ton. During 1919, 80 vessels of 99,340 tons, both wood and steel, were built in Canada for other countries and exported without registry. The total number of vessels on Canadian Registry Dec. 31, 1919, was

4,131 (sailing) and 4,442 steam; the net tonnage, respectively, was 486,469 and 605,426 and the number of employees included 45,954 men and boys; these 8,500 Canadian ships were, unofficially, valued at $200,000,000. In view of the tremendous return received by Great Britain from its shipping and the hampering loss to United States trade over a term of years by lack of shipping, it was obvious that the creation of a merchantile marine for Canada, backed as it was by the National Railway system and the business of the Canadian Northern, Grand Trunk and Grand Trunk Pacific would be a good assistant to Canadian trade; the Canadian Pacific Ocean Services, the Elder-Dempster, Furness-Withy and other Lines had already pioneered and proved the way in this respect.

In the matter of trade and ships there was and always will be direct and effective connection; as, in these years, Canada's trade with the United States became more and more one-sided and hampered by exchange or tariffs, her trade with the outer world and, especially, the countries of the Empire became more essential and for this purpose ships were more valuable. Export trade to a country hitherto so dependent upon New York was vitally concerned in steamships; the position and prosperity of Canadian ports and harbours depended upon the same factor. Montreal, during the 1920 navigation season, had 638 trans-Atlantic ships entering its port with a tonnage of 2,020,519 of which the major part was British; inland navigation from the Great Lakes and St. Lawrence showed 4,404 ships with a tonnage of 4,287,714. In their Report for 1919 the Harbour Commissioners indicated the character of this new shipping development as follows: "Canadian fully-manufactured goods have been shipped through a Canadian port in splendid Canadian steamers to markets which had never before been opened for Canada."

During 1920 the process of growth was marked in all the greater Canadian lines—Government or otherwise; with it went the natural extension of the idea of Canadian ports as well as shipping for Canadian goods. H. J. Logan, K.C., of Amherst, delivered some strong addresses during the year—notably to the Halifax Board of Trade on Feb. 17—urging restriction of the British preference to goods coming *via* Canadian ports. The initiation of this policy would, he declared, mean (1) the intensifying of a more thorough Canadian national policy; (2) a new declaration of our independence of the United States of America; (3) encouragement of steamship lines plying between Canada and Great Britain and other countries entitled to the preference; (4) the giving of West-bound cargo a chance to grow; (5) addition to business of Maritime ports and more traffic to the Canadian Government Railways; (6) the removal from the mind of British exporters of the idea that there were no Canadian ports available on the Atlantic during the winter season.

Meanwhile, in view of the high freight rates and no doubt, also, because of national interest in a national shipping Line, the Government had withdrawn or decreased the subsidies hitherto granted certain Steamship Lines. Those to the Canadian Pacific Ocean Services (Atlantic) were withdrawn but as the Post Office would pay direct for its mail service the actual difference was not substantial; so with the Cunard and White Star-Dominion; the mail subsidy to the C. P. R. service to China and Japan was reduced but there was no change in the monthly subsidy of $146,000 to South Africa or in the $140,000 monthly to the New Zealand Shipping Co.; the grant to the Union Steamship Co. of New Zealand was, however, reduced by $50,000 from $180,509 monthly allowance, and the $340,666 to the R.M.S. Company from the Maritime Ports to the West Indies was continued; the $70,000 subsidy to the Reid-Newfoundland Line was reduced by half and the Furness-Withy grant of $20,000 a month discontinued. Altogether there was a reduction in the shipping subventions for 1920 of $1,208,220 and the mail arrangement with Great Britain was adjusted so that each country paid the cost of its outgoing mail.

The National Steamship Line in 1920. The progress of the Canadian Government Merchant Marine during the year was marked. The situation at the beginning of 1920 was stated by Hon. C. C. Ballantyne, Minister of Marine, as follows at Montreal (Jan. 9): "There are 62 ships under construction so that by next year there should be 360,000 tonnage constructed While these ships are to be owned by the Dominion Government, they are not to be operated or managed by the Government. The Canadian Government Merchant Marine is a subsidiary Company of the Canadian National Railways and D. B. Hanna and his Board of Directors have been given an absolutely free hand. As Minister of Marine I have never attempted to dictate in any way at all, neither has any member of the Government. The responsibility for success rests entirely on the shoulders of Mr. Hanna and his Board; they determine what rates shall be laid down and what cargo shall be carried. As a business proposition we know that the ships will be better managed and operated if left entirely free of political influence."

A short time after this William Phillips was appointed European Manager of the Canadian National Railways and Merchant Marine, with headquarters in London. Speaking to a British journal on April 15 Mr. Phillips stated that the 22 steamships then in commission had made, up to Mch. 10, the following voyages: 19 voyages between Canada and the West Indies and Cuba, 12 between Canada and Barbadoes, Trinidad and Demerara, 3 between Canada and Buenos Ayres, 6 between Canada and London, 11 between Canada and Liverpool, 1 between Canada and Garston and Liverpool, 1 between Canada and Bordeaux, 1 between Canada and Glasgow, 5 between Canada and St. John's Nfld, and 2 from the Pacific Coast to Australia. It was the intention, he added, to develop new avenues of trade between Canada and other parts of the Empire.

Up to this time Great Britain, Australia, the United States and Canada had all been building in great haste to catch up with the shipping shortage caused by the War; at this time shipping began to show a surplus, the United States discontinued its great programme of construction and Great Britain forged into its old place of supremacy with, however, keen American competition in shipping-trade clearly in sight while Canada proceeded to finish its programme of construction and was resolved to place the new Government Line on its feet. Mr. Ballantyne put the Government's position as follows in the Commons on Mch 23: "If Canada is to throw off her great financial burden it is indispensable that this country should have a larger export trade than we enjoy at the present time. The Government have done their part by building up this large and efficient Merchant Marine. We have railway connection, and I have had placed on board these vessels, with accommodation for luggage and samples, additional staterooms in order that our manufacturers may be able to send their commercial travellers to foreign countries on board Government ships."

The Minister described the Government Marine as a great advertising medium for Canada and its products generally and stated that the name of every ship had the prefix Canadian before it as, for example, *Canadian Pioneer, Canadian Voyageur, Canadian Seigneur*: "When our ships are in port they fly from the top mast the house flag, a white flag with a red cross and a beaver in the corner." With an eye evidently to the United States and the proposed Jones' law Mr. Ballantyne added: "If the time should ever arrive when Canada will be discriminated against in any way, although I trust that such a possibility is very remote, then she has within her grasp the right to regulate the rates of freight on the products of the farm, the manufactures of the country, and all our natural products, from the point of shipment right through to the point of destination." Up to the beginning of 1920, and for only part of a year, the gross earnings of the 30 ships in commission amounted to $3,448,030 and the net earnings to $1,506,000 or 5½ per cent. on the Government's investment with, also, a full revenue for depreciation. It may be added that this result was achieved in face of the subsidized competition of privately-owned lines. During the summer of 1920 several new routes were opened up and new steamships launched with the following ships and routes in operation:

Montreal to Liverpool	Canadian Pioneer.
" "	Canadian Seigneur.
" "	Canadian Ranger.
Montreal to London................	Canadian Voyageur.
" "	Canadian Trapper.
Montreal to Glasgow...............	Canadian Hunter.
" "	Canadian Settler.
Montreal to Cardiff	Canadian Volunteer.
Montreal to South American Ports.	Canadian Miller.
" " " "	Canadian Spinner.
" " " "	Canadian Mariner.
Montreal to West Indies..........	Canadian Navigator.
" " "	Canadian Observer.
" " "	Canadian Otter.
" " "	Canadian Runner.
Montreal to Jamaica and Cuba....	Canadian Miner.
St. John to Havana.................	Canadian Signaller.
" "	Canadian Sower.
" "	Canadian Adventurer.
" "	Canadian Beaver.
Halifax to Havana	Canadian Sailor.
" "	Canadian Trader.
Halifax to Liverpool	Canadian Raider.
" "	Canadian Rancher.
Vancouver to Australasia	Canadian Prospector.
" "	Canadian Importer.
" "	Canadian Winner.

The *Canadian Victor* was launched on Aug. 31 at Montreal and put on the Cardiff route; the *Canadian Pioneer* early in September sailed from Montreal for India and the Far East, calling at points in Greece, Ceylon and Java with a cargo of automobiles, pulp, paper and food products; on Sept. 17 R. B. Teakle, General Manager of the Government Merchant Marine, stated that the new trade route from Montreal to India (in summer time) and from a Maritime Province port (in winter time) would be operated jointly between the Government Line and the British India Steam Navigation Co., of England; at the end of the year the nearly completed *Canadian Forester* and *Canadian Fisher* were allotted to a new West Indies route and the *Victor* was switched to the South American trade. In November it was stated that the Government Company had 40 ships in operation, including the *Canadian Carrier* and *Canadian Squatter* which were added to the list at this time. During the ensuing winter season 9 vessels of the Government Line sailed from St. John and 22 from Halifax covering 12 distinct services.

The Canadian Pacific Steamship Line. Meanwhile, the Canadian Pacific Ocean Services, Ltd., had been developing greatly in construction and business and effective service. During the Atlantic passenger season which ended in December, 1920, the Company's ships had made 76 round trips and carried 150,698 passengers. The C.P.O.S. ships on the Quebec service made 22 west-bound trips in the year, and carried a total of 27,452 passengers, made up of 3,868 first, 7,820 second, and 13,570 third class. On the 22 east-bound trips the Company carried 3,130 first, 3,915 second, and 6,837 third class passengers, making a total of 13,882. On the Montreal service there were 54 west-bound sailings, with a passenger total of 71,710, comprised of 22,072 cabin and 49,638 third class. No first class passengers were carried by the C. P. O. S. in this service. On the same number of east-bound trips there were 39,848 passengers, made up of 16,011 cabin and 23,837 third class. As to the absence of first class on a part of this Service, the situation was explained by William Baird, General Passenger Agent of the C. P. O. S. on Feb. 12, at a luncheon on board the *Melita,* just before sailing from Liverpool.

He stated that there had arisen a great demand among travellers to and from Canada for first-class accommodation at less than ordinary first-class fares; and to meet what was perhaps a characteristic development of the modern democratic spirit, the C. P. O. S. had built a special class of steamer to carry only "cabin" and third-class passengers. Four such steamers had been built, the *Metagama, Missanabie, Melita* and *Minnedosa,* and three more were in course of construction but the *Missanabie* had been torpedoed and sunk in September, 1918. The fact that the Duke of Devonshire, Governor-General of Canada, was at that moment travelling to England on the *Metagama,* was, he thought, proof of the high opinion in which travellers held this new class of boat. The *Melita,* built in 1917, had a gross tonnage of 13,967, length 546 feet, width 67 feet, depth 45 feet with accommodation for, approximately, 500 cabin passengers and 1,450 third-class passengers.

On Aug. 17 the *Empress of Canada,* intended for the Vancouver-Japan service, was launched by the Fairfield Company, Glasgow, and was the largest liner built by the C.P.O.S. to this date as well as the largest running on the Pacific. It was a vessel of 22,000 tons capacity, splendidly planned, and besides spacious ordinary accommodation had such special features as a gallery 110 feet long and a swimming bath 30 feet long. It was 644 feet in length, 77 in breadth and 53 in depth. The ceremony was performed by Mrs. G. M. Bosworth and Sir Thomas Fisher, K.B.E., the newly-appointed General-Manager of the Line, was the speaker. He said that a similar ship, built before the War, had cost £550,000; this one would run up to £1,700,000 in price and the increase in maintenance costs were as great, proportionally, or about £60,000 more for a round trip across the Atlantic. He suggested the following methods of getting back to cheaper rates for ocean travel and shipment: (1) combinations of shipbuilders such as had been brought about recently; (2) improved methods of standardization; (3) some reduction in shipbuilders' profits; (4) the ultimate adoption of internal combustion engines; (5) a more general adoption of a simpler class of vessel at a slower speed.

During this season the *Empress of France* and *Empress of Britain* were kept on the Quebec service with 17 sailings; the *Minnedosa, Metagama, Montcalm, Victorian, Melita,* on the Montreal to Liverpool route; from Montreal to Antwerp and Southampton there were the *Corsican* and *Scandinavian* and from Montreal to Southampton, Havre and London there were the *Grampian, Scotian,* and *Tunisian* with the *Pretorian* and *Sicilian* running from Montreal to Glasgow. The *Montcalm* was a new ship of 1920 launched on July 3rd at Clydebank with Lady Fisher presiding at the ceremony; it was an oil burner with a tonnage of 16,400 tons. On the Pacific during this year were the three *Empresses*—of Ireland, of Russia and of Asia—with a tonnage of 45,860; the addition of the *Empress of Canada* made the total 67,860 tons.

By this time the ramifications of the Canadian Pacific Ocean Services extended half-way around the world and it was illustrated by the fact that a passenger could purchase his ticket in Hong Kong through to England, be met at Vancouver by a representative of the Company, placed on board a C. P. R. train, be met in Montreal and there board a C. P. O. S. steamer, and be met again by the Company's representative at Liverpool, Southampton or Glasgow or, in case he was going to the Continent, at Havre or Antwerp. There were, during this season, 15 sailings from Vancouver to the Orient, and 13 sailings from the Orient to Vancouver; the C. P. O. S. had its own offices and staff in the Orient, in the United States and in Europe. On Dec. 11 the *Montrose* of 16,200 tons was launched at Montreal and completed, making a total post-war increase of 56,000 tons in C. P. R. shipping. Like the *Montcalm* and *Empress of Canada,* it was an oil-burner. Meantime, it may be added, the C. P. R. had 21 steamers on the British Columbia Lakes and rivers and several on the Pacific coast service.

The Canada Steamship Line in 1920. The expansion of the Canada Steamship Lines, Ltd., during 1920, was considerable and its interests attracted a good deal of public attention owing to their projected inclusion in the Steel and Coal merger. The record of progress had been a war feature which it was hardly to be expected would be maintained; as a matter of fact, the Company in 1919 increased its total business. The operating account showed a total revenue for the year of $15,240,414, as compared with $14,094,393 in the previous year. The total expenses reflected higher costs of operation due to increased wages and insurance, and totalled $10,660,141, as against $9,756,313 in 1918 and left the net earnings for the year at $4,580,272, as compared with $4,338,079 in 1918, and $1,732,057 in 1915. Out of the net earnings the amount required for bond interest, depreciation and reserve for Government taxes, etc., totalled $2,243,593, leaving a net profit for the year of $2,336,679, which compared with $2,324,098 in 1918.

At the end of 1918 the total surplus had stood at $5,009,630 and added to it on Dec. 31, 1919, was the total of $2,336,579 with net profits on sale of fixed assets, etc., amounting to $773,601 or a total amount available for distribution of $8,119,910. After paying dividends $6,704,910 was carried forward—an amount nearly equal to the Funded Debt of the Company. The total Assets were $44,557,179 of which the value of vessels represented $25,697,823. The President J. W. Norcross, in his annual statement issued in March, 1920, pointed out that the Company had been extending its operations abroad and, to-day, "as a result of carefully mapped out plans, Canada Steamship Lines, Ltd., operates a complete international, trans-Atlantic and all-Canadian service. Its Atlantic, West-Indian and South American lines are closely related to the inland services and it has been clearly proved that the earnings of each department have benfitted by the new ones that have been established. . . . With the inland and trans-Atlantic services, your agents can take delivery of freight at any port on the Great Lakes in Canada and the United States and issue to the shipper a through bill of lading to European ports."

It was decided to put the 4 per cent. common stock on a 7 per cent. basis similar to the Preferred. The Directors for 1920 were Sir Trevor Dawson, Hon. President; J. W. Norcross, President and Managing-Director; M. J. Haney and C. A. Barnard, K.C., Vice-Presidents; Edmund Bristol, K.C., M.P.; D. B. Hanna, W. E. Burke, F. S. Isard, Hon. Frank Carrel, Sir Henry Pellatt, Hon. J. P. B. Casgrain, H. W. Cowan, H. B. Smith, J. E. Dalrymple, Geo. H. Smithers, and J. P. Steedman. The London Advisory Committee included Sir Trevor Dawson, Bart., Sir Vincent Caillard, Col. C. G. Bryan, Col. W. Grant Morden, M.P., Sir Francis Barker and Sir F. Orr-Lewis. On Aug. 12 an arrangement was concluded whereby the Canada Steamship Lines, Ltd., became the sole passenger and freight agent in Canada of the United States Steamship Co., a corporation which had taken over from the United States Government a large number of former German passenger and freight vessels, and had commenced operation out of United States ports with routes to London and Plymouth, Havre and Cherbourg and Danzig. The business of the year was good and on Dec. 31, 1920, the Company had fixed Assets of $27,308,960 representing the value of its fleet of vessels together with real estate, buildings, docks and wharves valued at $8,159,756 or a total—less $6,261,584 of a Depreciation Reserve—of $29,207,131. The current and working assets were $8,017,693; the advances to an Associated Company, and charges deferred to future operations, totalled $1,977,273; Investments were $1,245,930 and Leases, contracts and good-will $8,424,646. With one or two small items the total was $48,894,394. The Liabilities included $1,250,000 of Preference, $12,000,000 of Common and $6,501,483 of Debentures and 1st Mortgage bonds; the current and accrued liabilities were $7,547,999 and Bank advances on behalf of Associated Company $1,483,391—afterwards reduced, together with advances specified in Assets, to $385,629; a few minor items and a Surplus of $8,611,174 made up the balance. There was, also, a contingent liability of $1,000,000 for endorsed notes of a subsidiary concern. The revenue of the year was $20,248,611, the expenses $16,220,337 and the net earnings $4,028,274; after deducting all charges, reserves, etc., the profits for the year totalled $1,932,772 with a net profit of $1,628,464 on sales, etc., of fixed assets and dividends of 7 per cent. paid on Common and Preference stock.

Shipping Incidents of the Year. During the year shipping legislation and action in the United States more or less affected Canadian interests. The Merchant Marine Bill, which passed Congress and was signed by the President, created a new Shipping Board of six members and this Board was directed to dispose of the Government wooden fleet by sale. From the proceeds of such sales the Board was authorized to set aside $25,000,000 annually to aid private citizens in the construction of ships in private yards. It was also provided that shipowners should be exempt from income and excess profit taxes for 10 years, provided they re-invested annually in ship construction a sum equal to the taxes they would otherwise have to pay. Entry to American ports was to be denied to foreign vessels which had entered into agreements to control freight and passenger rates. To offset subsidies granted by foreign countries, it was provided that the railroads of the United States should not grant an export trade rate on any shipment unless it was to be carried in a vessel of American registry—export rates being ordinarily about 25 per cent. lower than the rates on domestic shipment. This regulation could, in special cases, be suspended by the Shipping Board. The law gave power, practically, to the President to accord preferential rates to goods carried in American bottoms *via* U.S. ports; it was not put in force by President Wilson and remained dormant for the time. Following this enactment 100 wooden ships and, later on, another 70 vessels were put up for sale by the Board as the last of the 300 ships built during the War and which had proved useless for the purposes intended.

Shipping incidents of the year included the inauguration of an Elder-Dempster service from Montreal to West Africa; the placing by different lines of many new ships on the Vancouver-Australia-New Zealand route; the arrangement by the Ellerman and Bucknall Steamship Co. for a regular monthly service from Montreal to Port Said, the Soudan, Aden, Bombay, Colombo, Singapore and Java with the *Katuna* making a first sailing in July; the launching at Sydney, N.S., on May 19, of the Canadian Concrete Shipbuilding Company's new steamer, *Permanencia*, the only ocean-going vessel of the kind yet built in Canada; the starting at Vancouver of a new service in July and August by two sailings of the North Pacific Havre-Calais Line, whose steamships travelled *via* the Panama Canal, for French ports; the agitation at St. John, N.B., for creation of a harbour Commission which would take its business and extension out of politics; the annual report of the Cunard Steamship Co., which showed profits in 1919 of £1,724,920 or, roughly speaking, over 8½ million dollars and $2,500,000 greater than the profits of 1918; the statement from England that Lord Inchcape had taken off the Government's hands a fleet of 198 steamers which they were seeking to dispose of, and that he intended to sell them to his fellow ship-owners without seeking any profit for himself or the companies with which he was associated.

The report submitted by Thomas Robb of Montreal, who represented Canadian shipping interests at the International Seamen's Congress at Genoa in June, stated that the Congress had succeeded in preparing and passing draft conventions relating to the minimum age for employment on board ship and for securing the seamen's right to compensation in case of his vessel being lost; establishment of an International Seamen's code and of facilities for providing employment for seamen, with recommendations as to defining hours of labour for inland navigation; special provision to meet climatic and industrial conditions in each country, after due consultation with employing and employees' organizations. On Sept. 3rd the assignee of the Dominion Shipbuilding Co., Toronto, reported insufficient capital, labour and management, and the inability of the Company to collect its debts, as the causes of failure. In June it was announced that the British Prime Minister had appointed a Committee to be known as the Imperial Shipping Committee, with the following terms of reference: (1) to enquire into complaints from persons and bodies interested in regard to ocean freights, facilities, and conditions in Inter-Imperial trade; (2) to survey the facilities for maritime transportation by such routes as appeared to be necessary for trade within the Empire, and to make recommendations to the proper authority for the co-ordination and improvement of such facilities. The members of the Committee included Sir H. J. Mackinder, M.P., (Chairman), Sir A. D. Steel-Maitland for the Colonial Office, Sir W. S. Meyer for India, Sir G. H. Perley for Canada, H. G. B. Larkin for Australia, the High Commissioner for New Zealand, Capt. G. Bowden, M.C., for South Africa, Sir E. R. Bowring for Newfoundland, and others.

The Nationalization of Shipping Questions. A matter which excited interest in steamship circles—a development of the wave of public ownership thought which was sweeping over Canada—

was the carefully-elaborated proposal of J. E. Armstrong which he presented in Parliament on April 27 as he had done, also, in the 1919 Session. It took the form of a Bill to Amend the Railway Act and its object was stated by Mr. Armstrong to be the placing of boats on the inland waters and coastwise trade under the control of the Railway Commission as regarded rates, tolls, tariff agreements and arrangements, time of call and duration of stay, and all matters pertaining to the carriage of goods. After describing the work of the Railway Board and eulogizing its character and usefulness, he argued that shipping on the inland waters and coasts would be as safe in its hands as were the railways, telegraphs and telephones. He then voiced the thought of the moment: "Every public utility in Canada is under control except boats. We buoy and light our rivers; we dredge and deepen them; we make and deepen our canals; we build docks and piers without end in different parts of the Dominion—all aids to the vessel men; but still we have no control"—except, as was interjected, of the waterways. Upon improvements to navigation, he said, $400,000,000 had been expended by the country because the public believed they would thereby hasten lower freight rates. But, "the freight rates have increased by leaps and bounds; they have not only doubled and trebled but in many cases they have quadrupled, and there seems to be no limit to the charges these vessel men make."

Mr. Armstrong illustrated his argument—which was, in the main, one for lower freight rates which he thought could be obtained under, and through, Government control—by reference to the Canada Steamship Lines and their alleged profits; dealt with the 125,000,000 tons of freight originating on Canada's inland waters every year and the $1,200,000,000 worth of trade said to be carried by water; referred to the degree of control exercised by the U.S. Shipping Board over rates on American Lake boats in 1918 and 1919; quoted favourable Resolutions by the Retail Merchants' Association of Canada, the Canadian Council of Agriculture and the Executive Council of British Columbia. At this point H. S. Clement, of British Columbia, interjected this question: "The people in the territory which I represent are crying for ships and more ships, and if there is so much profit in steamship companies I cannot understand why those people have not been able to get ships for their purposes."

Edmund Bristol, K.C., then replied at length. He pointed out that American boats were able to compete for the grain trade of the Canadian West, out from Port Arthur, and to capture 75 per cent. of it: "The price of wheat is fixed in Liverpool so far as Canada is concerned, and if a man has grain in the Canadian West he has either the Buffalo-New York route to Liverpool or the Port Colborne-Montreal route; and I am sorry to say that the New York route is nearly two cents cheaper

per bushel than the Canadian route for the reason that at New York you get most of the tramp ships of the world;" while the St. Lawrence insurance rates were higher and the route not quite so safe. Canadian boats were also hampered by United States control of the coal and ore trade of the Great Lakes owing to geographical conditions: "When the grain trade for a Canadian boat is slack and the boat is laid up you have the American boat busy in the ore and coal trade."

As to the Canada Steamships Co. and its alleged war profits, Mr. Bristol was explicit: "The British Government appealed to Canada Steamship Lines and other ship-owners in this country to come to their aid with shipping and to do everything they could because of the number of boats that were being sunk by torpedoes. This Company took 26 ships off the Lakes and spent about $100,000 on each one to enable them to pass the Lloyds' inspection for ocean business. Eight of these boats were torpedoed and the others lasted through the War. Shipping went up in value from 200 to 300 per cent. and these boats that went on the high seas were eventually sold for from two to three times their booked value. There has been a great increase in the Assets of the Company but that increase was not derived by taking excessive rates out of the farmers of the West but from the enormous increase in the value of its ships."

He pointed out that the war-time control of ocean shipping rates in the United States had been abrogated and competition in rates restored on Mch. 3rd, 1920; the Canadian war-time rates on Western wheat were fixed by the Wheat Board and under restored competitive rights during the past year they had been reduced. As to the general situation, the new Government Marine would help greatly in the grain season and should ensure lower ocean rates. Lake transportation was, Mr. Bristol said, not a source of profit to the transport companies; it was the ocean traffic that they desired and from which they profited. H. H. Stevens raised this important point: "If you place restrictions on transportation companies—if you compel them to file a tariff and to obtain a regular schedule, you have an obligation to protect them against competition."

As it was, under existing conditions in water transportation, any vessel could enter into competition with any other vessel. He pointed out the obvious fact that steamships were not like railways; they could not, in the lake and coastwise trade, run on schedule time or meet constantly changing rates, competition and trade according to schedule; it would be practically impossible to control rates of shipping on vessels coming from British and foreign countries up the Great Lakes under a deepened waterway system. S. W. Jacobs, K.C., presented a strong Resolution against the Bill from the Montreal Corn Exchange Association; T. J. Stewart of Hamilton put on record a sheaf of telegrams from that City protesting against it. He argued at length that railways and steamships were in quite different categories and his point of view was given as follows:

> Steamship companies have no monopoly. They are given no franchise, receive no assistance in the way of grants or subsidies, the water routes are open to all vessels, and the greater the number of vessels competing for business the lower will be the rates.
>
> Fixed rates in the case of vessels are not feasible on account of: (1) Variation in carrying capacity; (2) variation in speed; (3) variation in cost of insurance; (4) variation in cost of operation at different seasons of the year. (A fair rate in summer might be a ruinous rate in November). (5) Variation in cost of operation.
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> Fixed rates in the case of vessels are not desirable because they would: (1) result in an elimination of competition; (2) place Canadian vessels at a disadvantage in competing against U.S.A. boats whose rates in ordinary times are regulated only by the law of supply and demand; (3) result in vessels lying idle when the set rate was unprofitable; (4) discourage the building of further vessels.
>
> Fixed rates in the case of vessels are not necessary, because to get business now boats must: (1) underbid the rail rate; (2) underbid or meet rate charged by boats already under Railway Commission; (3) offer fair rates or other boats will be built.

Mr. Stewart stated that all the large cities and ports were opposed to the measure. W. C. Kennedy submitted an opposing Resolution from the Windsor Board of Commerce with its 1,000 members and F. H. Keefer a strong protest from the Port Arthur Board of Trade. Ernest Lapointe also opposed the Bill, J. F. Reid (Progressive) supported it. The debate was adjourned and not resumed. The Bill did not pass.

The Problem of Roads; Inter-Provincial Highway Policy.

The question of highways and roads, of good roads or of almost any kind of roads has always been a factor in Canadian development and a vital influence in production since the days of the pioneers; it is almost as important in these later days of railways and waterways. S. L. Squire, President of the Canadian Good Roads Association went still further and put it as follows at Winnipeg on June 1st, 1920: "The highways of Canada are not only the basis of all prosperity, but are undoubtedly the most important of any of the transportation facilities which we have. We have a wonderful system of steam railways, and I fancy we, as Canadians, are proud of the mileage we have—a greater mileage, I believe *per capita*, than any other country in the world. Our steam roads stretch out over no less than 37,500 miles, and yet, great as the steam roads are, our highways in the Dominion measure no less than 350,000 miles; and while many of these highways are little better than trails, yet they perform a certain function and are a link between the settler in the outposts of the land and those who live at the points of civilization."

He stated that the value of the land occupied by these 350,000 miles of road, together with the improvements, was not less than $750,000,000; that the total investment in connection with the roads had been largely the product of the people of Canada; that they had received in the building of this great national system less Government assistance than have the 37,000 miles of steam railways. The value of the "rolling stock," which, of course, was all privately owned, and which used the highways of the Dominion, was greater than the entire capitalization of all the steam roads in the Dominion of Canada. The 325,000 or 350,000 automobiles in Canada in 1920 were valued at approximately $500,000,000 and they only formed a small part of the private-owned rolling stock which used these highways. He contended that roads and railways, properly worked, were by nature co-operative, not competitive in a country of such vast distances as Canada; what they might become in a small compact country like England was another question.

In the United States the road movement had, by 1920, assumed a phase of international importance in the projected Jefferson Highway running 2,400 miles from New Orleans, on the Gulf of Mexico, to Winnipeg, in Canada; for 4 years this project had been under way with 60 per cent. completed at this time. It was in 1916 that Federal aid was first given upon a large scale in the Republic with $85,000,000 appropriated to Highway construction—chiefly rural post roads—and the amount was spread over five years; in 1919 $200,000,000 more was appropriated, by amendment to this Act, to be all available by July 1st, 1920; by Mch. 31 of this latter year there had been submitted to the United States Bureau of Public Roads, 2,737 project statements, calling for the improvement of 27,459 miles of road at an estimated cost of $346,313,524; up to that time, 1,499 of these projects were under agreement, aggregating 11,473 miles of road, at an estimated cost of $165,287,579, and involving $71,368,258 of Federal aid.

Speaking in Toronto on Mch. 4, A. R. Hirst, State Highway Engineer of Wisconsin, said that, including State and Federal aid, the United States would this year have available for expenditure on roads $650,000,000. But, he added, the people had been supplying the money more quickly than they had been able to devise means of spending it to good advantage. He stated that political changes had delayed matters and that politics had a good deal to do with the running of American roads; he urged the patrol system of maintaining roads and recommended the adoption of gravel-surface for temporary work; he thought, however, that "the ultimate road must be either of concrete or have a concrete bed with another type of surface on it."

Canada first took Federal action in 1919, after some hesitation due to political and War conditions, and the Canada Highways Act was passed which provided for Federal aid to the extent of $20,000,000 in the construction of highways during the next five years; it was administered by the Department of

Railways and Canals through a Commissioner, A. W. Campbell; an Honourary Advisory Council, consisting of C. A. Magrath, John P. Mullarkey and R. Home Smith, was appointed to assist in the development of policy. The necessary staff was appointed and an effort made to secure a correlated system of main and market roads which, when finally completed, would form, as far as possible, a general system of inter-Provincial highways. After the regulations had been promulgated the different Provinces undertook the preparation of the necessary programme maps and these were prepared and filed during 1920.

The highways to which aid was granted were to be constructed or improved in accordance with the terms of an agreement to be made by the Minister of Railways with the Government of each Province; such agreement to be approved by the Governor-in-Council and to contain provisions as to location, cost, description, specifications, time and method of construction, supervision, and other particulars necessary to protect the public interest. The amount of aid granted was 40 per cent. of the amount which, in the opinion of the Minister, was the necessary and reasonable cost of the construction or improvement of such highways. The amount of appropriation to which each Province was entitled under agreement was as follows:

	Required of Province	Federal Grant
Prince Edward Island	$ 905,182	$ 603,455
Nova Scotia	2,203,080	1,468,720
New Brunswick	1,745,767	1,163,845
Quebec	7,122,630	4,748,420
Ontario	8,815,912	5,877,275
Manitoba	2,403,397	1,602,265
Saskatchewan	2,709,382	1,806,255
Alberta	2,216,715	1,477,810
British Columbia	1,877,932	1,251,955
Total	$29,999,997	$20,000,000

During the year the question of better roads became a subject of ever-increasing discussion. British Columbia had for years been spending money on splendid mountain highways, converging into one great highroad from Coast to Prairies; Quebec had spent much money for years in a self-sustained and directed effort at improvement and, with Ontario, had made earnest efforts to open up good motor connection with United States highways; the United States itself had seven highways across the continent with the Jefferson Highway running north and south but there was only, as yet, an unorganized effort at a National Canadian highway. In 1919 and 1920 American automobile visitors and tourists poured into the country in ever-increasing numbers while Canada's own motor traffic grew steadily greater.

Many of its isolated roads were admirable ones under combined Government and municipal attention; those in, or about, holiday centres such as National Parks were well maintained and the Toronto-Hamilton highway and Montreal-Sherbrooke road in Quebec were excellent specimens of constructive care. The nearest approach to a national project was the proposed King's International Highway to run 3,370 miles between Montreal and Vancouver; the idea was urged by Percy Gomery of the Vancouver Automobile Club, supported by some of the motor clubs of that Province and indirectly aided by the Provincial Government in its direction of road policy and construction—though the final Government ambition was an All-Canadian Highway; it was not purely Canadian as there was a mountainous space in British Columbia and a very difficult area around the head of the Great Lakes which it was intended to avoid by branching off into the United States—though it was admitted that these gaps might be closed up in time by (1) the road policy of the British Columbia Government and (2) that of the Ontario Government.

It was claimed that an all-Canadian route would have an advantage to offer transcontinental motorists over the National routes of the United States, because while the American routes inevitably, for some portion of their distance, traversed a sandy, desert-like country, at once uncomfortable and lacking scenic interest, the Canadian route would, in its every mile, possess something of interest and attraction and pass through a country which was either productive in character or attractive in appearance. As A. C. Emmott, Secretary of the Manitoba Motor League put it in the Winnipeg *Free Press* (May 14): "I cannot conceive of anything of more lasting benefit to the country or that would provide more work for returned men and would develop Canada to a greater extent than a great transcontinental highway."

The public highways of Canada at this time—roads clearly defined—were estimated at 250,000 miles and the Imperial Motor Transport Conference at London in October was told by W. L. Griffith, Secretary to the Canadian High Commissioner's Office, that this total mileage was open and serviceable for ordinary travel during the summer season, graded and crowned, with suitable drainage, culverts and bridges. The culverts and bridges had been primarily constructed of timber, but during the last 25 years, especially in the older settlements, all bridges and culverts had been reconstructed of steel, cement, concrete, and other durable material in pursuance of standard plans and with ample capacity for carrying maximum rainfall: "Of these roads about 100,000 miles have been treated with gravel and broken stone in the usual way. There are 9 Provinces in Canada, and the mileage above referred to is evenly distributed in accordance with area and population. In five out of the nine Provinces the roads are maintained by and at the expense of the Provincial Government. In the remainder of the Provinces (the larger and more densely populated) the roads are made and maintained by the co-operation of local municipalities and the Provincial Government. Each of the Provinces has a regularly organized Department of Highways, staffed by qualified engineers who operate under a responsible Minister of the Government." The Federal Commissioner of Highways, the Advisory Council at Ottawa, and the $20,000,000 grant of 1920 served in 1920 to link up and unite all these Departments.

The situation was very fully discussed at the annual meeting of the Canadian Good Roads Association held at Winnipeg on June 1st-3rd. This organization had been in existance 6 years but in that time had made remarkable progress; its first President was U. H. Dandurand, who was said to have owned the first automobile in Canada; the second was W. A. McLean who, as Deputy Minister of Highways for Ontario, laid down the first scheme of properly constructed highways in Canada; the third President was B. Michaud, Deputy-Minister of Roads for the Province of Quebec who carried through for the Quebec Government a great scheme of highway construction which was considered by experts to be one of the best on this continent; J. A. Duchastel, A. F. MacMillan and S. L. Squire followed in succession and Mr. Squire presided at the Winnipeg meeting. Sir James Aikins, Lieut.-Governor of Manitoba, was the first speaker in a distinctly eloquent address; Mr. Michaud of Quebec followed and described the results of the Provincial movement which had begun in 1911.

His statement was one of definite work and success: "We took up the question of a main communication road, and we built within five or six years, six lengthy trunk roads. The first was the King Edward Highway, 40 miles long, a macadam road which leads from the boundary, and gives direct communication from New York to Montreal. It brought to the Province of Quebec last year $4,000,000 through tourists. Then there was the Montreal to Quebec road which also is a good road. That road is macadam and concrete, 180 miles being put down to macadam. Then there was the gravel road between Quebec and Levis. Three of the roads built form three sides of a triangle which gives a first-class tourist tour, one of the best in America and one of the most picturesque. We have in mind a system of roads to meet requirements which would run into 2,000 miles, including distances specified in particular schemes. Plans covering that mileage have been submitted to the Federal Government." During this period $26,500,000 was spent upon the roads of the Province which, in 1920, totalled 3,000 miles and, of these, 350 miles were main communication roads.

Mr. Michaud added this comment: "We have spent money for the benefit of the farmer, and we have found that when we spent money for the benefit of the motorist we were spending money for the benefit of the farmer, too. They have the same interests in certain connections. The reason why we, in Quebec, take such close care of the farmer is because farming is done so widely. Everybody does some farming. The Government is farming, the professional man is farming, the industrial man is farming, and even the farmer is farming, by which I mean that he is farming now in a way that he has never done before." The Hon. T. C. Norris, Premier of Manitoba, dealt with the West: "Good roads connected with one another, would be a great factor in the development of that vast stretch of country, but it is very difficult to find what might be called a Provincial road. The construction of good roads and the improvement of the awful mileage that is clamouring for improvement is one of the big problems of the West, as it is going to take a lot of money. I might say that this Province and the Province of Ontario are making preliminary arrangements for a splendid highway between here and Ontario. In Manitoba we are stretching towards Saskatchewan."

The energetic Minister of Public Works in Ontario (Hon. F. C. Biggs) said: "The construction of trunk roads has received our fullest attention, and we had first arranged for the construction of a mileage of 422. We have added enough mileage to bring it up to 1,824, and it will just require 150 or 175 miles to make the 2,000 miles for what we consider a complete trunk system of roads in that Province. Our plans have been approved by the Federal Department. I am glad to say that every county in the Province of Ontario and every county town will be served by the trunk system. We are building roads to serve the basic industry of the Dominion, which is agriculture. Of course, we fully expect that the automobilists are going to take advantage of these roads. Then, it is only a matter of a year or two when every farmer in the Province of Ontario is going to be an automobilist and when he will not only be that but the owner of trucks, because we have come to realize that for the short haul of from 50 to 60 miles, the quickest and most dependable way of placing stuff on the market is by motor trucks." The Provincial sum available for this was $5,000,000 *plus* the Federal grant. Hon. S. J. Latta, Minister of Highways in Saskatchewan, W. E. Parker of New Orleans, Chairman of the U. S. Jefferson Highways Commission, and Hon. G. A. Grierson, Minister of Public Works, Manitoba, followed.

Mr. Latta described the needs and difficulties of his Province: "We have immense traffic. Millions of bushels of wheat and other products must be got to the market. Some of our farmers live 10 to 12 miles from an elevator, but there are some of us who have lived 37 miles away and sold the wheat for 46 cents a bushel after having drawn it over a prairie trail which no person had attempted to fence off, let alone make into a road. We have a scarcity of materials. In many districts we cannot find sufficient gravel. We have a small number of taxpayers. Then there is a scarcity of labour this year. These are some of the difficulties. We have to place against them a high ideal based upon the immense possibilities of our country, and we have a persistency that will not down. We intend to surmount those difficulties." The Hon. J. H. King, Minister of Public Works for British Columbia said that his Province had about 16,000 miles of road and 8,000 miles of trail: "We have now under construction roads that will connect up our Provincial system. We are hopeful, therefore, that in the near future we will not only have a Provincial system of good roads, but an inter-Provincial system. To illustrate our difficulties, we are building a road 90 miles in length that will supply an important link between British Columbia and the southern coast. It will cost us something like $1,000,000 to make it such a good road that traffic can pass over it comfortably."

There were many other speakers, including Hon. Beniah Bowman, Minister of Lands and Forests for Ontario, Brig.-Gen. C. H. Mitchell, C.B., C.M.G., D.S.O., of the University of Toronto, A. W. Campbell, Dominion Commissioner of Highways, H. S. Carpenter, Deputy-Minister of Highways, Saskatchewan, W. A. McLean, Toronto, A. E. Foreman, Chief Engineer of Public Works for British Columbia, William Findlay of the Toronto *Globe*, E. O. Hathaway of the U. S. Bureau of Public Roads, and various road experts. Herbert Cuthbert, Secretary, Pacific North-West Tourist Association, submitted a special point of view: "I am going to tell you that a transcontinental highway will be the biggest cash asset of all the assets of Canada. Provincial roads are of little value compared with what they might be if connected up with a transcontinental highway. There are in the United States 7,500,000 automobiles in use, every owner of which is a possible visitor to Canada. If five per cent. of these cars entered Canada and remained in the country for 30 days, they would bring into this country over $200,000,000 a year, for which you would not need to ship out anything. This would equalize exchange and you would be able to send that money back in purchasing goods. Tourist travel is one of the biggest things for Canada." Mr. Squire, the Chairman, in his address added:

> Poor roads add to the cost of living and destroy the farmers' profit. Herbert Hoover, Chairman of the Food Administration in the United States, recently said that 50 per cent. of the perishable food produced by the farmers in the United States never reached its market. That, to my mind, in itself, is sufficient reason for the high cost of living in most of the cities. This, undoubtedly, is due very

largely to the fact that the means of transportation from the producer to the consumer are not adequate and not what they should be. A short time ago a Commission was appointed by the American Government and was asked to go into the question of the cost of transportation.

They estimated that a good gravel road would reduce the cost of haul 8 cents per ton mile, or over one-third, while the first-class, rock-surfaced, year-round roads are estimated by engineers to reduce the cost two-thirds. We had in the year 1919, in the Dominion of Canada, agricultural products which were valued at $1,975,000,000. If the average haul on this, over highways, was five miles, then the amount that might have been saved as between a first-class road and the roads such as we have in the Dominion to-day would not have been less than $20,000,000, or an amount equal to the sum the Dominion Government has set aside for the assistance of the Provinces in road construction for the next five years.

He added: "Our highways may become rivers of gold. Few people realize the amount of money spent annually by tourists. In the State of Maine $40,000,000 a year is spent; in Colorado $40,000,000; in New England, $100,000,000; while in Cuba, the revenue from tourists is second only to the tobacco crop." The Convention listened to a remarkable series of arguments such as the above and separated to spread, with enthusiasm, the new-old doctrine of roads. A. W. Campbell, C.E., was elected Hon. President, A. E. Foreman of Victoria, President, Dr. E. M. Desaulniers, M.L.A., of Montreal, 1st Vice-President and Hon. S. J. Latta, Regina, second, G. A. McNamee, Montreal, Secretary-Treasurer. A prominent note in the Convention was the need of a Transcontinental highway and of an Inter-Provincial Commission to organize, create and direct it; at the same time, it was felt that the best way to develop this project was by Provincial effort, at first, along Provincial lines and then co-operation and co-ordination with Federal support.

A great impetus was given by this and other meetings to the public recognition of highways as a national need. The Hon. Mr. Biggs, in Ontario, proved a vigorous and practical exponent of the principle and policy; Dr. P. E. Doolittle of Toronto, founder of the Toronto Automobile Club and Ontario Motor League, and a member of the Executive of the Canadian Automobile Association, held a series of good roads meetings throughout Nova Scotia, New Brunswick and P. E. Island with a view to stirring up enthusiasm for road building in the Maritime Provinces; prior to leaving on his trip Mr. Biggs, as Minister of Highways, sent greetings through Dr. Doolittle, and best wishes for the success of his mission with the declaration that "it now behooves us to avail ourselves of the opportunities which are so necessary in making ourselves one of the great nations of the world and in no one matter can we do more than in the development of good roads, with facilities of transportation both for agriculture and industries."

It was pointed out at this time as a good reason for better roads that nations in the past had depended much on this condition for national defence as well as for trade and transportation. In the Great War, highways helped to win and a keen observer described the issue as the highways of France against the railways of Germany; Von Kluck owed the initial defeat of the War to rapid motor mobilization of French troops and Verdun its successful defence to that splendid 35-mile highway which stood for days the persistent pounding of thousands of trucks laden with munitions and men; the wonderful mountain roads of Italy had a great place in its defence and when United States Railway systems became choked with the continuous stream of materials and munitions going to the Atlantic coast, the lack of trunk lines of road suitable for heavy modern traffic made a great difference in the time of shipment.

During the year the Provinces all prepared their plans for action under the Federal grant of $20,000,000, or $4,000,000 per annum, based upon total Provincial grants of $30,000,000 or $6,000,000 a year. Circumstances, however, were very unfavourable—cost of materials and labour, and difficulty in obtaining men, being amongst them; much public and political interest was taken and Legislative appropriations in the Provinces made to a large amount while plans, presented to Ottawa for approval, ran up to $80,000,000 during the year; the actual work under way, however, did not go beyond a $2,000,000 Federal total and $3,000,000 Provincial payments—though various contracts were let and routes planned. Two of the chief Provincial projects were (1) a highway from Hull to Montreal, Montreal to Levis (south shore), Montreal to Sherbrooke, Levis to Riviére du Loup, Riviére du Loup to Lake Temiscouata (N.B. border), and (2) an Ontario Government highway from Windsor to the Quebec boundary passing through London, Toronto, Kingston and Brockville. The total estimated cost of Ontario and Quebec lines, approved under the Federal Act, was $22,000,000 for Ontario and $17,000,000 for Quebec. Nova Scotia legislation provided for the expenditure of $11,000,000 upon Provincial Highways in the next five years. Manitoba had arranged an expenditure under the Act of $3,647,206 with about 4,000 miles of road to be improved; its total obligations under past Provincial enactments were considerably larger.

Aviation in Canada during 1920: General Progress and Possibilities.

Great Britain and the United States during this year devoted time, expert attention and money to the peace-time development of Aviation and to its commercial and passenger possibilities as a transport agency. In Britain a grant of $75,000,000 was allotted to experimental work along aircraft lines; a regular passenger service was established between London, Paris and Brussels and, in a few months, 40,000 persons had been carried abroad and home again; commercial air service was operated during 1920 between London, Paris, Holland, Italy and Spain and it was found that, in some cases, mail carried on these routes would reach its destination quicker than an ordinary telegram; an "all-red route" was advocated by the British Aeronautical Committee which, it was proposed, should encircle the world and pass across Canada from St. John to Vancouver. In this latter connection, the first flight of Brig.-Gen. A. E. Borton and Maj.-Gen. W. G. H. Salmond to Egypt and India, the later and more sensational flight of Sir Ross Smith and his brother from England to Australia, the establishment of a commercial service across Australia as well as between Cape Town and Johannesburg, in South Africa, pioneered the way and gave point to the project. They also added interest to the Imperial Air Routes suggested by Lord Montagu of Beaulieu, a well-known authority and enthusiast in Aviation matters, as follows:

1. England to Canada and the United States *via* Newfoundland.
2. England *via* France and Spain, to West Africa.
3. England *via* France and Italy, to Egypt, India and the Cape.
4. India to Burmah, Federated Malay States, Australia and New Zealand.
5. India and Burmah to Hong-Kong.
6. Australia to British Polynesia and South Sea Islands.

Sir Frederick Sykes, Comptroller-General of Civil Aviation, in an address on Feb. 3rd before the Royal Geographical Society, was inclined to name 5 great airways in the following order: (1) Egypt to India; (2) Cairo to the Cape; (3) India to Australia; (4) England to Egypt; (5) England to Canada. Many practical steps were taken in 1920 or were completed during the year. The Peace Conference and its British Empire Committee had already created the International Air Convention of 1919 wherein agreement was effected to establish an International Committee for Air Navigation; a Convention which, in March, 1920, was signed by all the Allies except the United States and Japan. It allowed aircraft of one contracting State freedom of innocent passage over the territory of another; forbade the flight of an aircraft of a non-contracting State over the territory of a contracting State; and laid down detailed regulations based upon those already adopted in Great Britain. Certain neutrals, such as Holland, Switzerland and the Scandinavian countries signed or were considering agreements on the same lines.

The Air Ministry in Great Britain was re-organized and the Meteorological Office linked with the Department of Civil Aviation, the Imperial Communications Committee of the Cabinet was put in touch with Wireless requirements, and general cooperation between the Air Ministry and other Government departments, and the High Commissioners for the various Dominions was steadily improved. An Advisory Committee under the chairmanship of Lord Weir, Minister of Aviation, was constituted. So far as the Empire was concerned and as a matter of technical, climatic, strategic and geographical reasons, Egypt was considered the hub or centre of the British system and this, accordingly was carefully studied and developed. An air route of 3,400 miles was opened early in the year from Cairo to Cape Town and the New York *Tribune* of Jan. 25 had this significant comment: "Quietly the British engineers completed a work that in its own way is as epoch-making as was the opening of the first American transcontinental railroad The dream of Cecil Rhodes has now been realized, but in a form amended by the spirit of the 20th century." The distance by existing land and water travel on this route was 5223 miles and the establishment of a chain of aerodromes through the whole length of the continent of Africa against geographical and physical difficulties of a serious nature was, indeed, no small achievement. The Egypt to India route was, in 1920, under steady organization with a Civil Air Board established in India and internal air routes arranged for the carriage of mails; these could be carried from Port Said to Karachi in three days as against nine days by sea route.

Meanwhile, Great Britain had been developing construction and, by the middle of the year, United States aircraft men were complaining that she aimed at absolute dominance in this respect; at the Del Monte Aero Classic held at San Francisco a British machine, the *Bristol*, won at an average speed of 129 miles per hour or 220 miles in 102 minutes. In Britain, as the year passed on, travelling by air became more and more popular; the Aero Show in London, commencing on July 9th, was said to far exceed that held in Paris or New York; rates were reduced as a result of the traffic and it was claimed that travel or transport by air was as cheap as by rail. In September it was announced that final tests had been completed for a fleet of British goods-carrying aeroplanes known as "the four-ton flying tramps," while the latest "baby" passenger machine was the "Whippet." This areoplane was only 7½ feet in height and 16¼ feet long, with a 50 horse-power engine, and flying at an average speed of 95 miles per hour. It was estimated in December that a future air service between Australia and England would decrease the journey from 6 weeks to 10 days.

In the United States pronounced efforts at development were made and by the middle of 1920 there were said to be 2,000 privately-owned aircraft in the country; toward the close of the year aeroplane manufacturers endeavoured to prevent the importation of British aeroplanes, alleged to have been used in the War, and which the Handley Page firm were trying to sell in the United States. Regular commercial services had been established between New York and several other centres and an aeroplane mail service operated between New York and Washington and was, later, extended to Cleveland and Chicago, Omaha and St. Louis and San Francisco. Chambers of Commerce in various cities gave valuable aid in the development of air service and, as a result, more than 50 large centres had completed, by the middle of the year, municipal landing fields for aircraft. Development was also encouraged by private concerns. Large lumber companies established Aviation departments for surveying and cruising timber limits and for forest protection purposes. During the second year (May 31, 1920) of mail service, the Postal aeroplane system was said to be a success in both speed and cost.

The 3rd Pan-American Aeronautic Congress was held at Atlantic City on May 25 and a regular scale for pilots down to the man who handled the minor details on the ground, was officially adopted. These rates provided for a minimum retaining fee for pilots of $1,000, payable at $150 a month and in force if, through no fault of his, the aviator should not fly. In addition, the following hourly pay was stipulated: For single motor ships, one to thirty hours, $1.72 an hour; 31 to 60 hours, $2.25; 61 to 90 hours, $2.75; 91 to 120 hours, $3.25; 121 to 150 hours, $3.75. An additional 25 cents an hour was given to operators for two or more motored ships. These figures stood for two great Aerial lines—one transcontinental and the other following the waterways.

All this progress in the two countries with which Canada was most closely associated made local development inevitable and this the Dominion Government early recognized though financial conditions compelled caution. The possibilities of the country in this respect were very great and the donation by the Imperial Air Ministry in 1919 of $7,000,000 worth of aeroplanes of different types, coupled with the large number of splendid, expert, war aviators in Canada, made the preliminaries of organization comparatively easy. From Canada there had gone 14,000 pilots or over 50 per cent. of the total number of pilots in the R.A.F. at the time of the Armistice. Major D. R. McLaren, D.S.O., M.C., D.S.C. of Vancouver, who commanded the 46th Squadron R.A.F. in the War, for a year, and had 57 German machines to his credit, contributed to the Calgary *Herald* (Feb. 12) an interesting study of the situation. He pointed out that when peace came the aircraft manufacturer found that few types of aircraft existed which could be used for commercial purposes; it had been proven that aircraft could fly at a speed of 150 miles an hour, that the motive power could be relied upon and that a good cruising range was possible; but there existed no type of machine designed to operate at a low cost and carry goods, passengers, or mail at a rate per ton mile which would demonstrate the commercial advantages of aerial transport.

During 1919, as the result of efforts by the aircraft industry in Great Britain a great many such types of machines were designed and produced and these demonstrated that a huge saving of time, labour and money could be effected through the transport of goods, passengers and mail by air. Despite the immense progress made in England, however, there were difficulties in competition with other transport systems which did not exist in Canada and which the smallness of one country and bigness of the other rendered obvious. Major McLaren claimed that: "The carriage of mails in Canada can be one of the most important regular demands which will serve to develop commercial aviation and to place aerial transport concerns on a firm footing. The future of the aerial mail service lies on those routes where a material saving of time can be effected, so that a definite commercial advantage may be obtained."

At the beginning of 1920 the Canadian Air Board and Board of Management of the Canadian Air Force Association was constituted as follows: Chairman, Rt. Hon. A. L. Sifton; Vice-Chairman, Lieut.-Col. O. M. Biggar, K.C.; Director of Flying Operations, Lieut.-Col. Robert Leckie, D.S.O.; Deputy Director of Flying Operations, Major Lindsay Gordon; Superintendent of Certificates and Licenses, Lieut.-Col. J. Stanley Scott, M.C., A.F.C.; Superintendent of Seaplanes, Major Basil D. Hobbs, D.S.O., D.S.C.; Superintendent of Aeroplanes, Capt. Devlin; Director of Technical Intelligence, Capt. F. C. Higgins; Canadian Liaison Officer to British Air Ministry, Major D. R. McLaren, D.S.O., M.C., D.S.C. Following the death of Mr. Sifton, Hon. Hugh Guthrie, K.C., M.P., became Chairman of the Board and the responsible head of its administration; Air Vice-Marshal Sir Willoughby Gwatkin, K.C.M.G., C.B., became Inspector-General of the Force; Air Commodore A. K. Tylee, O.B.E., of Toronto, was appointed Officer Commanding the Force. Advisory members were Capt. Walter Hose, C.B.E., of the Royal Canadian Navy, and E. Deville, L.L.D., Surveyor-General, Department of the Interior.

The final organization of the Air Force was completed early in the year and the Chairman of the Board (Mr. Guthrie) explained its position on Mch. 16 as follows: "The Canadian Air Force is organized as a non-professional force, the *personnel* of which in all ranks, from the lowest to the highest, undergoes normally one month's training every two years. Certain staff and administrative duties require for their performance a longer term, normally six to nine months, and to secure the services of competent officers and other instructional *personnel* for these duties, which involve absence from ordinary civil occupations for substantial lengths of time, special rates of pay are provided. These special rates do not apply if the service of any individual is prolonged beyond one year, and the pay receivable is reduced accordingly. The approximate weekly time-table for an air mechanic in training is as follows: Lectures on engines, theory of flight, rigging and construction of aeroplanes, 24 hours; work in shops and on machines being flown, 20 hours; other military duties, guards, drills, etc., 16 hours." The authorized establishment was 5,000 of which 2,000 were to be officers and 3,000 other ranks; the Force was organized as a Militia unit, its local administration was to be carried on by Provincial Executive Committees, and a training centre was to be formed in each Province.

By this time the 100 heavier-than-air machines of different types presented by the Imperial Government, together with dirigibles and equipment, had been received at Ottawa; amongst them were eight F3 flying boats equipped with Rolls-Royce (VIII) engines; after repairs and ajustments to some of them they were grouped at the Camp Borden Aerodrome from which they were, later on, distributed as required for operations throughout the year; there were, also, 12 airships and six kite balloons included in the Imperial gift. Meantime, the Canadian Air Force had received an appropriation of $2,500,000 which was to be used in carrying out Government flying operations, civil and military, thoughout the Dominion. The maintenance of three stations was also approved at Camp Borden, Ont.; Morley, Alta. (about 30 miles west of Calgary); and Jericho Beach, English Bay, Vancouver. There was no difficulty in obtaining pilots out of the estimated 10,000 in Canada who had seen War service, but there was a shortage in officers, experienced in airship practice, and the British Air Ministry offered to loan officers for this work.

As finally organized during the year, the Flying and Administrative Services were divided into three separate Departments: (1) The Canadian Air Force, which was the military wing; (2) Civil Government Operations; (3) Commercial Aviation. Under the first, military training in flying was undertaken at Camp Borden where each member of the Force was given training for four weeks every two years with, at the end of the year, about 35 officers and 65 other ranks continually under training and a dozen or more machines in constant use; under the second, the development of photographic survey of timber areas, exploration of inaccessible regions, and kindred work was carried out; under the third, jurisdiction was had over all civil aviation ventures, and inspection of machines, the licensing of *personnel,* the survey of air routes between various points. In each Province there was by this time a Branch of the Canadian Air Force Association chartered, with a permanent Secretary and three Civil members and four C. A. F. members; these Provincial Associations were responsible to Headquarters at Ottawa which was directly in charge of the Inspector-General and the Officer Commanding, with J. A. Wilson as Permanent Secretary.

On Jan. 6, 1920, Regulations were issued from Ottawa to which all persons operating air-craft in Canada were compelled to conform. They provided for registration, by the Air Board, of all aircraft, and the issuance of certificates to pilots—without which certificate no person could fly in Canada. These were obtainable only after applicants had satisfied the Board, by certain stipulated tests, that they were qualified to operate a machine, and had also passed a medical examination. In the case of pilots operating machines for commercial purposes, medical examinations were to be passed every 6 months, and, in the case of private fliers, every 12 months. All registered aircraft were made subject to the call of the State in time of war, and all persons holding the commercial pilot's certificate would become, during a war period members of the Canadian Air Force. All air harbours were subject to the control of the military authorities during war time; machines were to bear certain markings, clearly indicated in the regulations, and aerodromes and seaplane stations were also marked. No passenger aircraft were permitted to carry any explosives, and mails could not be carried without the written authority of the Postmaster General.

The question of Customs collections at the International boundary was solved by a ruling to the effect that all aircraft flying across the Line would be required to stop at one of the border stations for examination. Foreign aircraft could not conduct a business of transporting passengers or freight between points within the boundaries of Canada, but could carry them from a point in the United States to a point in Canada. Speaking in Toronto on Jan. 9, Lieut.-Colonel O. M. Biggar told the Aero Club of Canada about the new Force and the Air Board. Its foundation was due, he said, primarily to the generosity of the British Air Board in its gift of aeroplanes and equipment; the Board proposed to work along various lines and amongst them to aid thinly-settled districts by doing surveying, policing, fire-ranging, exploration work and, possibly, undertaking the mail service in specific districts; co-operation had been arranged with Sir Frederick Stupart for the Meteorological services, which were so vital to Aviation, in securing information necessary for flying, and with the Departments of Marine, Naval Service, and Research at Ottawa.

Lieut.-Col. Leckie pointed out why it was difficult to maintain a military air force of any size. The average cost per squadron was about $5,000,000; the gift of aircraft to Canada was worth over $7,000,000. Aviation could not develop until the ground work had developed, except with seaplanes, for which reason the first work to be done would be the opening up of the Northern districts where there were plenty of lakes. The aeroplane could not compete with the railway, but its great value would be where no railways existed. Dr. A. B. Macallum, F.R.S., described how valuable the Helium gas resources of Alberta and the West—the only sources of supply in the British Empire—would be in the development of air machines.

On Jan. 17 a Canadian Air Service Association for the four Western Provinces was organized at Calgary with Capt. Fred. McCall, Calgary, as President, Capt. C. McEwan, Saskatoon, as Vice-President, and Lieut. T. H. Spence, Regina, as Secretary-Treasurer; the Directors were Capt. W. R. May, Alberta, Major A. M. Lester, British Columbia, Capt. G. R. Fleming, Saskatchewan, and J. H. Ross, Manitoba. The objects of the Association were defined as follows: (1) to encourage mutual helpfulness, social intercourse, mental and moral improvement, amongst its members; (2) to cement the friendships and associations formed in France, Great Britain, Canada and elsewhere by its members during their service in the Great War; (3) to promote interest in aerial navigation, and to increase the knowledge of its members in aeronautics, to encourage aerial navigation, conferences, expositions and congresses; (4) to encourage the development of aircraft for commercial and pleasure purposes, and to promote the interest and welfare of the Provinces in respect of aerial navigation; (5) to establish, maintain and operate club houses for the use of the members, and to assist the Government in the operation of garages and aerodromes; (6) to do all such lawful acts and things as may be found necessary or expedient in the encouragement and development of aeronautics.

During the year various voluntary organizations throughout Canada were working hard to develop public opinion and support. The Aero Club of Canada with headquarters at Toronto was active in propaganda work and endeavoured, especially, to impress various cities with the necessity of making adequate provision for an air harbour and, by the middle of the year, the following towns had applied to the Government for a representative to come and select a site: Wetaskiwin, Alta.; Victoria, Cranbrook and Vancouver, B.C.; Winnipeg and Virden, Man.; Truro, N.S., Goderich, Brantford and Perth, Ont.; Lloydminster, Melville, Regina and Saskatoon, Sask. Other Associations in Canada were as follows:

Aero Club of Canada	Toronto
Aeronautical Association of Montreal	Montreal
Air Service Association	Kamsack
Air Service Association	Saskatoon
Air Service Association	Regina
Air Service Association of B. C.	Vancouver
Air Service Association	Prince Albert
Aerial League of Canada	Vancouver
Aero League of Canada	Victoria
Aero League of Canada	Montreal
Aero Club of Manitoba	Winnipeg
Aerial League of New Westminster	New Westminster

Meanwhile, in February, regulations issued by the Air Board contained advice with regard to the establishment of aerodromes and seaplane stations and instructions as to markings which these must bear. During the next few months, under directions of the Air Board, aerodrome and landing sites were chartered across the country; training proceeded steadily at Camp Borden where substantial, permanent buildings and 18 hangars, established as a flying base by the Imperial Government during the War at a cost of about £1,000,000, were handed over to the Canadian Air Force. Rates of pay there and at other training stations which were established later on at Ottawa, Lake St. John in Quebec, Halifax, Morley in Alberta and Vancouver, were as follows: Air Commodore, per day, $9.50; group captain, $7.50; wing commander, $6.00; squadron leader, $4.75; flight lieutenant, $4.00; flying officer, $3.25; pilot officer, $3.00; pilot officer on probation, $2.50; warrant officer, $2.05; flight sergeant, $1.80; sergeant, $1.45; corporal, $1.25; first air mechanic, $1.15; second air mechanic, $1.00.

In August the road map of the sky for all Canada was issued by the Air Board and covered every route laid within the Dominion. In September final regulations were published based largely upon the R.A.F. model in England and, in October, it was announced that the work of the year had resulted in a chain of 27 public and commercial air harbours and 37 stations with landing facilities from Coast to Coast; 34 commercial aviation firms were said to be operating in Canada—of which one of the most notable was that formed in Toronto by Lieut.-Col. W. G. Barker, V.C., D.S.O., M.C., and Lieut.-Col. W. A. Bishop, V.C., D.S.O., M.C.—and large concerns such as Price Bros., the Laurentide, Sault Ste. Marie, and other Pulp interests were employing aircraft as helpful in their business; in British Columbia efforts were under way to establish Air services along its 7,000 miles of coast line and to help in the Interior mining country—with an Air mail service inaugurated between Victoria and Seattle on Oct. 15. Major McLaren of the Air Board, in submitting station recommendations for the Province, declared that aircraft should be especially suitable in British Columbia for fishery patrols, forest ranging, exploratory surveying, police and coastguard work.

An interesting event of the Autumn was the blazing of an Air trail across the Dominion and the continent by Lieut.-Col. Robert Leckie, Major Basil D. Hobbs and others. The two mentioned started in an ordinary type of flying boat from Halifax at 2 p.m. on Oct. 4 for a Trans-Canada flight. The objects were (1) to demonstrate the feasibility of such a flight from a commercial point of view; (2) to prove the possibilities of a fast trip from Halifax to Vancouver without undue strain on either pilots or machines; (3) to serve as a recruiting propaganda for the Canadian Air Force and to stimulate interest in aviation by commercial firms and the public generally. At Selkirk, Man., on Oct. 9 the seaplane was changed to an aeroplane and Capt. J. B. Home-Hay, M.C., and Air Commodore A. K. Tylee continued the Flight to Regina and Calgary; thence to Vancouver Commodore Tylee was accompanied by Capt. C. W. Thompson and the destination reached at 11.19 a.m. on Oct. 17. The actual flying time for this 3,410 mile trip was 45 hours and 20 minutes; the ordinary running time by rail was 132 hours and 10 minutes. Of course there were all kinds of delays and accidents and stoppages which only a complete ground organization, skilled experience, adequate wireless direction, finding stations and better commercial machines, with relays and air-harbours, could obviate. The flight, however, provided much useful information of climatic and geographic character. Gales of wind, broken machines, severe fogs, engine troubles of all kinds, were amongst the difficulties overcome.

Incidents of the year included a visit to Canada by F. Handley Page, the eminent British maker of aeroplanes and an interview with him in the Montreal *Star* of Mch. 29 when he stated that in the matter of licensing and controlling machines and joining in the world's international air regulations, Canada was away ahead of the United States and that his Firm had made some very important discoveries in its research department: "We look forward to the time very shortly when we will be able to reduce the horse-power down to a third of the present amount and get the same results; and, similarily, we shall be able to make smaller machines of very much less horse-power than the 80 or 100 h.p. planes now in use. We anticipate being able to make a machine of 25 horse-power, carrying a pilot and passenger at 105 miles an hour for five hours, and costing about a thousand dollars."

In January Major D. R. McLaren was appointed Attaché to the British Air Board and in June Commander Raymond Collishaw, D.S.O. and Bar, D.F.C., D.S.C., etc., in command of the British Air Squadron under General Denikine in South Russia, returned to Canada after a series of extraordinary adventures and exploits. In respect to the supposed dangers of commercial aviation, the British Air Ministry published figures as to accidents in the United Kingdom during the last seven months of 1919 and they showed 35,330 flights by 403 machines with a total time in the air of 8,368 hours, during which time 593,000 miles were travelled, with one passenger killed to every 16,666 passenger hours in the air or, as it was differently put, a single passenger might expect to fly about 1,180,000 miles—47 times around the world—before becoming the victim of a fatal crash. Speaking at Ottawa on Feb. 12, A. R. Wilson of the Air Board said, in this connection, that:

> The Airco London-Paris mail and passenger service had been running daily for seven months with only five flights interrupted by mechanical defect. They had proved their ability to operate this

service under most adverse weather conditions, through fogs and gales, and had made the cross channel flight several times when no steamers could cross. So far they had had one serious accident only, with the loss of one life. Their mileage was now over 60,000 flown at an average speed of 101 miles per hour. The London-Brussels service of the same firm during the same time carried 251 passengers and 26,000 pounds of mail and freight, also without accident, their mileage being 26,000. During the first six months of civil flying, in over 300,000 flying hours, there were only 13 accidents and two fatalities in Great Britain. Considering the lack of experience and imperfect organization, this showed the comparative safety of modern flying.

TRANSPORTATION INCIDENTS OF 1920.

Jan. 12. After receiving complaints from the Federated Boards of Trade of Ontario that the Michigan Central Railway had been refusing Canadian money on its sleeping and dining cars in Western Ontario, Hon. F. B. Carvell, Chairman of the Dominion Railway Commission, ordered the Company by telegraph to accept Canadian money at par. The order was obeyed.

Feb. 24. The Canadian Car and Foundry Company received orders for about $12,000,000 worth of Railway equipment of which $5,000,000 was from the C.P.R. and the balance from the C.N.R.

Feb. 28. The Toronto *Globe* had the following table of automobiles and motor-trucks in Canada since 1917:

1907	2,100	1914	67,415
1908	2,939	1915	87,675
1909	4,711	1916	120,368
1910	8,937	1917	199,302
1911	21,682	1918	267,408
1912	34,789	1919	334,190
1913	50,489	1920	395,000 (estimated)

Feb. 28. The Toronto *Globe* claimed that Canada was the second motorized nation of the world with a motor vehicle for every 26 persons in the country, following the United States, with its one car for every 20 persons. Elsewhere, the record was given as follows:

England............	one for	every	268	persons
France	”	”	402	”
Germany	”	”	684	”
Italy	”	”	1,000	”
Austria	”	”	2,700	”
Russia	”	”	5,300	”

Mch. 19. Railway officials in Ottawa stated that it was impossible to build much-needed branch lines in the West which the farmers were demanding, because labour of the foreign kind which had constructed most of the Canadian railways could not be got, that Canadians would not do this work and the foreigners were leaving the country, that the only solution seemed to be importation of Chinese and Japanese.

Mch. 31. The cost of the Hudson Bay Railway to date was officially given as $20,560,836 and that of the Quebec Bridge Construction to date, less credits and subsidies, $22,616,017.

Mch. 31. It was announced that the United States railways had from 18,000 to 20,000 more cars belonging to Canadian railways than railways in Canada held belonging to the United States. There was said to be a great shortage of cars on the railways of the United States; that the U.S. Railway Administration should have had more cars built. They needed great amounts of pulp-wood and other products, and Canadian cars were sent over to carry the exports.

April. 15. G. A. Hodgson, President of the Ontario Motor League, announced that his organization would offer a reward of $1,000 for information which might lead to the capture of the driver who was responsible for the death of the late C. A. B. Brown. Mr. Hodgson declared that the League was always looking for safe, sane laws, and, while they had helped to secure the legal driving limit of 20 miles an hour in the city and 25 miles an hour in the country, he made it plain that they would not put up with reckless driving.

April 22. Sir George Foster, Minister of Trade and Commerce, assured a special Delegation at Ottawa of Western members, Senators and Boards of Trade that the completed portion of the Hudson Bay Railway would be put in good repair this year, and that the Government would carefully consider the early completion of the road. Motives of economy had compelled the Government to suspend construction in 1918, but it proposed to finish the road as soon as possible.

May 14. The New York *Globe* dealt with the recent action of Canadian officials in refusing to permit Canadian freight cars to cross the international boundary and said: "The Canadian border is the source of a car shortage which is particularly annoying to New York. It is provided by neglect of American railroads to return empty cars belonging to Canadian roads. During the War, Canadian roads built almost a peace-time quota of new and large freight cars. They allowed these cars to come to the United States to bring newsprint and other products to New York and other cities with the understanding that the Canadian cars would be returned immediately. American railroads disregarded this agreement it seems." The journal added that when the United States Government gave up the roads they were short some 226,000 freight cars, 7,000 passenger coaches and 3,200 locomotives.

May 18-20. The Western Canada Boards of Trade, meeting at Calgary, passed Resolutions urging (1) that there should be a good representation of Western interests on the Board of Directors of the Canadian National Railways; (2) that freight rates westward should be based on the same mileage rates as those eastward, and full advantage taken of reduced cost of operating lines through easy grades to the Coast; (3) that this Conference favours the investigation of freight rates on coal from Western Canada to the manufacturing centres of Ontario, with a view to making Canada independent of any other country in its fuel supply and that the Canadian Pacific and the Canadian National Railways, including the Grand Trunk Pacific and the Grand Trunk, be asked to give special freight rates for the summer haulage of coal from Western Canada; (4) that the Governments concerned should take action for the completion of a trunk highway from Port Arthur to the Coast, and that this system should be connected with Eastern Canada by a road from Sudbury to Port Arthur; (5) that the Federal Government should make arrangements with the Steamship lines to connect the Canadian National System with Europe and the Atlantic Coast of Canada, *via* the Panama Canal, with the Orient, and that the development of Canada's resources would be greatly assisted by the operation of a Canadian merchantile marine, which was deserving of every encouragement; (6) that Railway corporations should not be granted exclusive rights to construct railway lines in any portion of the Canadian West unless adequate service was provided.

June 15. The Senate at Ottawa received and debated the Report of a Special Committee appointed to investigate the navigable feasibility of the Hudson Bay and Straits. Senator G. W. Fowler, Chairman of the Committee, moved the adoption of the Report. The Committee, he said, had investigated (1) length of season of navigation; (2) style and size of vessels best adapted for route; (3) merits of the two ports, Nelson and Churchill; (4) fishery resources; (5) mineral resources; and (6) utilization of the north country for the production of meat and furs from reindeer and musk ox. They had concluded that the route was feasible and would in time become profitable; that the minimum season of navigation was four months; that Nelson was superior to Churchill as a port; and that there were vast fisheries and mineral wealth in that part of Canada. Senator J. P. B. Casgrain strongly opposed the whole scheme. Both Parties, he said, were responsible for it, and while there was no possibility of the route being either feasible or profitable, it was kept alive by the political parties catering to the Prairie votes. The Committee should have asked for the opinion of shipping men, but had not done so. No reliable shipping men would send their vessels into Hudson Bay; insurance rates would be prohibitive; wheat would go by the cheaper route; and the Hudson Bay route could never compete with the Great Lakes and the St. Lawrence.

June 18. The Canadian Express Co., founded and operated by the Grand Trunk Railway and G.T.P., with a gross revenue (1919) of $3,745,866, operating expenses of $3,660,662 and Express privileges of $2,896,768 was taken over by Canadian National Express Co., with $1,602,255 of gross revenue, $1,362,765 of operating expenses and $1,035,813 of Express privileges.

June 19. The *Mail and Empire*, reviewing the Hudson Bay Railway situation, stated that grading was completed on the entire route of the line, and all but 92 miles of track laid. This 92 miles would cost about $1,800,000 and about $4,000,000 would be required to complete bridges, trestles, telegraph lines, water stations, etc. The Government had already spent $13,500,000 on the Railway and $6,000,000 on the harbour improvements at Port Nelson. But the need of economy had induced the Government to omit from this year's expenditures any provision for completing the Railway, and the West was demanding a reversal of the decision which was not given.

Sept. 15. In an article published in Toronto *Saturday Night*, J. C. Fitzgerald, B.A., dealt at length with motor busses, and stated that this vehicle was used to supplement, rather than supplant, street cars and the rapid transit systems. In New York, London, Paris, Brussels and elsewhere the bus system was operated in conjunction with tramways. He strongly advocated a motor bus system for Yonge Street, Toronto.

Sept. 15. It was announced at Ottawa, semi-officially, that in view of the particularly heavy crop movement from the Western Provinces during the coming months, extra precautions would be taken by the management of the Government and other systems of Railways to keep Canadian freight cars on this side of the border. At this time there was a car shortage in the United States.

Oct. 6. Ontario statistics showed a remarkable increase in the Provincial use of motor-cars. In 1903 there were but 220 motor vehicles licenses issued. In 1917 the number of passenger vehicles in operation in Ontario had increased to 78,861; in 1918 to 101,845; 1919 to 127,860, and in 1920 to 153,000. Commercial vehicles increased in numbers during these (fiscal) years from 4,929 to 15,800. The number of motor cycles increased only 400 in 4 years. Revenues jumped from $930,753 in 1917 to $1,214,093 in 1918, $1,580,146 in 1919, and as at September 30, 1920, the estimate was for $1,974,405 for the current year.

THE DOMINION GOVERNMENT
AND
POLITICAL AFFAIRS.

Last Days of the Borden Government; Retirement of the Prime Minister.

The beginning of 1920 revealed a condition of health which made Sir Robert Borden's retirement from active work, and presumably from all political responsibilities, inevitable. His resignation had been available for some time, but both his colleagues and his party sought some other alternative; it was found, temporarily, in the project of a long ocean voyage and rest and the plan, under consideration early in January, was to join Admiral Lord Jellicoe on his visit to South Africa in the battleship *New Zealand*. This was prevented by a somewhat sudden change in Admiralty plans which postponed this tour and recalled the Admiral to England. Meanwhile, Sir Robert and Lord Jellicoe had been visiting Havana, Cuba, *en route*, it was supposed to Cape Town, but they proceeded to England instead and arrived there on Feb. 3rd. At Ottawa, Sir George Foster was Acting-Premier and politics were in a whirl of discussion as to the future.

The Union Government, in less than three years' existence, had made its mark in international affairs, and in home matters touching on Labour, Prohibition, Patronage, Taxation, Nationalization of Railways and building of good roads; in its wider scope as the Borden Administration of 1911-20, it had carried Canada with administrative credit, and without the scandals usually accompanying such periods, throughout the World War. Since then the complexion of the Union Government had been gradually changing. The Hon. T. W. Crothers had given up the Ministry of Labour; the Hon. T. A. Crerar had resigned to help in organizing a new Agrarian party; Hon. F. B. Carvell had retired to take the Chairmanship of the Railway Board; Sir Thomas White had given up the Ministry of Finance late in 1919, because of the severe strain upon health and energies which years of war-time work and administration had proved.

On Jan. 1st, 1920, Maj.-Gen. S. C. Mewburn, C.M.G., Minister of Militia, retired and was replaced on Jan. 24 by the Hon. Hugh Guthrie, K.C., who had been in Parliament since 1900 and Solicitor-General since 1917—a post which he still retained; at the same time the Hon. Martin Burrell became Minister of Customs and Rt. Hon. A. L. Sifton—created an Imperial Privy Councillor in the New Year Honours—took the Secretaryship of State. On Feb. 23 the resignation of Hon. A. K. Maclean, Minister without Portfolio, but who had been frequently in temporary charge of Departments, was announced, and the reason stated was that he considered his war-time mandate as a member of the Union Government to have lapsed; there was a general and non-party appreciation of the frankness of his position and of his practical services as Chairman of the Cabinet Committee on Reconstruction and Development and, as a Minister, in his handling of the difficult Civil Service Act with its complete and revolutionary re-classification of the Service. These retirements took five Liberals out of the Union Cabinet —Sir T. White was originally a Liberal—and left only five of those who had joined it in 1917—Messrs. Guthrie, Rowell, Calder, Sifton and Ballantyne.

While these changes were under way reports of Sir Robert Borden's condition were conflicting; the Liberal press tended toward the theory that the Premier's health still remained poor and that his resignation was held up because no agreement could be reached as to leadership; the Conservative press was hopeful as to complete recovery and resumption of duties. During the debate on the Address, many references were made to the subject and the Opposition Leader (Hon. Mackenzie King) on Mch. 1st stated in explicit terms that the Prime Minister (Sir Robert Borden) should be in his seat to answer questions with regard to matters of policy: "I hasten to express the sympathy which all of us have with the Prime Minister in that, through the impairment of his health, he is prevented from being here at this time." He argued that the Ministers were inconsiderate in practically asking Sir Robert to assume a nominal leadership under such conditions. Sir George Foster, in replying, expressed disagreement with the view that a Prime Minister should necessarily be in his seat under all conditions and despite considerations of health:

> My Hon. friend is young and strong and the future is before him. If he gets out from the light and free atmosphere of criticism and assumes the burdens of the office of Prime Minister of this country, he will find that they are nerve-racking and body-racking; that they involve toil and bodily pain; that morally, mentally and physically, there is a strain upon the man who holds that office, all of which call for sympathy rather than criticism when the strain proves to be too great to bear. And if that is true in normal times, when we have storms and ebullitions only under shelter of the wings of peace, what must be involved in these duties in times such as we have lately gone through, when the war winds blow, when currents and counter-currents come alternately; when immense responsibilities must be assumed and quick decisions made?—What the duties of the Prime Minister must be under these conditions I know, because I have sat by and have seen. I tell you that in my heart of hearts, as in the heart of hearts of all of us there will be a spot free from censure, free from criticism, free from stern rebuke—a spot in which is generated human nature's just recognition of merit and of toil. This I say of what must fairly be our attitude with regard to the Prime Minister.

At this time Sir Robert had returned from England and, with Lady Borden, was staying at Ashville, N.C., playing golf and slowly improving in health and strength; in April rumours were many that he was to be the Canadian Minister at Washington under current proposals in that connection and there seems no doubt that had the plan been realized at this time, and personal reasons permitted, he could have had the appointment; on May 7 Sir Robert left North Carolina for Canada and reached Ottawa on the 12th when the House welcomed him back with general and spontaneous warmth. It was believed, and it appeared evident, that his health was greatly improved; it was said, however, that his desire still was to retire at the earliest possible moment. Meanwhile, the House had been led by Sir George Foster with skill and tact and his Acting Premiership had shown the fruits of experience and political force. He was supposed to be well in line as the successor of Sir Robert if a change should be necessary; the Hon. J. A. Calder as representing the West and as an unrivalled organizer and adept in political life, was another frequently discussed; the Hon. N. W. Rowell had won much *prestige* in various directions and had the support of large interests of a Prohibition and Church nature as well as abundance of ability; the Hon. Arthur Meighen had for some years been regarded as a strong man for the post; Sir Thomas White represented and led the financial interests of Canada and would have had the confidence of the industrial element and of many in Quebec.

As Acting Prime Minister—a post which had been held also on other occasions by Sir Thomas White and Mr. Rowell and Mr. Doherty—Sir George Foster was much in the public eye at this period. His speeches in the House and to the public were usually felicitous; as an illustration, reference has been made to that dealing with the Prime Minister's absence and a further word may be said of his speech to the Rotary Club, Ottawa, on June 8. His principle at this juncture was not one of self-determination but of self-adjustment: "There are those who preach the vicious doctrine that an individual or a small group of individuals can decide their own destinies. This doctrine of self-determination is entirely wrong because it will upset the world's institutions and relations and prove a tremendous set-back to civilization. . . . If every small group of people were to appeal to the League of Nations, or to the Supreme Council, for a charter and the privilege of governing itself, there would be intolerable confusion and strife. The time has come when we must do less talking, when there must be less public expression of discontent and more self-adjustment." The finest personal motto for the moment was: "He profits most who serves best."

The Hon. N. W. Rowell, President of the Privy Council, did considerable speaking at this time and, naturally, dealt very largely with the League of Nations in which he had been taking so profound an interest. On Jan. 16 Mr. Rowell spoke to his constituents at Port Hope and reviewed the Government's policy and record at length: "That Union Government has made mistakes no one will deny; that they have found it possible to do everything that they would have liked, no one will claim; but may I ask in what years of Canadian history has any Government presented or carried through so many measures of national importance and far-reaching significance?" He addressed the National Council of Women at Ottawa on Jan. 19 as to the Washington Labour Conference, arising out of the League, and defined its policy toward women and their work; at Montreal he told the McGill University Club (Jan. 22) that Canada would stand firm for its place in the League of Nations despite opposition from United States sources—"she has won her right to a place by the blood of her sons, and this right, thus won, the Canadian people will never surrender"; to the Convention of Building Industries held at the capital (Feb. 2) Mr. Rowell upheld the League and the Canadian Government in standing for an 8-hour day and 48-hour week.

At a mass meeting of local veterans on Feb. 15, and speaking as Acting Minister of External Affairs in the absence of the Prime Minister, Mr. Rowell declared that: "There can be no possible doubt what Canada's decision will be. She cannot and will not consent to any impairment of her status and voting rights under the Treaty. Therefore, when final action on the Treaty is taken by the Government of the United States, if the ratification can only become effective on that basis, the ratification cannot go into effect as far as Canada is concerned, as Canada will not give that assent." In the Commons on Mch 9, he faced a bitter personal attack from Hon. Charles Murphy and responded in unexpectedly strong terms. To a Methodist banquet at Kemptville on June 5, Mr. Rowell said that great as were the questions of transportation and trade, they were relatively unimportant compared with the moral and spiritual ideals of the people; "I think the Church and all religious organizations can help in the attainment of human ideals by giving to the League of Nations that moral support which it so much needs, in all lands, at this time. . . . I do not think the Church can propound the solution of the problem of capital and labour; I am not sure that that is its function."

Meanwhile various schools of thought within the Government party had been finding expression. On Feb. 9 Senator J. S. MacLennan of Sydney, N.S. (Con.) issued a statement of his opinion as to what should be the objects and aims of what he termed the National Party of the future: "Recognizing that fundamental changes in conditions require new methods; that the old parties of Canadian politics represent divisions in names, not in realities—either of principles of government or practice in administration; that new parties are springing up, basing their appeals to the electorate on class and sectional self-interest; that Canada can only rise to the full use of the opportunities conferred on her people by building on a firmer foundation than these; the National Party appeals for support."

Such a party, the Senator maintained and argued at some length, should (1) respect the rights of the Provinces, while ready to co-operate with them and to supplement their legislation by Federal enactments; (2) it must realize that industries in Canada had grown up under a tariff system on which depended, directly or indirectly, the larger proportion of the population of Canada, and that, apart from disturbance of the body politic by drastic changes in a system which had lasted practically unchanged for forty years, the productive skill developed in Canada in this time had been of the highest value in the Great War, and could not be disturbed or driven from the country without incalculable loss to the Dominion; (3) it should establish a machinery by which would be examined all proposals for the expenditure of the money of the taxpayer on public works, the result of which should set forth the advantage of the proposed expenditure to the local community and to the nation and these facts should be laid before Parliament; (4) it should tax the superfluities rather than the necessities of life, and the expenditure of the individual rather than that part of his income which he had saved and so made available for the development of the country; (5) it should appeal to women to bring to Federal questions the high qualities shown in the War and to base their political decisions on careful and independent examination, and thus avoid adding, by "women's parties," to the sectionalism and group-interests which impeded Canadian progress; (6) it must be forward in sharing the duties as well as the privileges of full-grown membership in that great Commonwealth, the British Empire. There were other clauses relating to Labour, Agriculture, Trade, Immigration and Representation, but these were the most notable.

This proposed National Party was welcomed by the Montreal *Gazette* and Quebec *Chronicle* as the best kind of a substitute for the Union organization which was reaching its end with the war and the war-time results of reconstruction; the Ottawa *Journal* and other Government organs thought that all the planks of Mr. McLennan's proposed party were already held by the Unionists. Following this the Hon. Robert Rogers, still the leader of a small anti-Union, anti-Liberal section of the Conservative party, gave an address in Winnipeg (Feb. 23) in which he declared that Canada's industrial and economic conditions had reached a most critical period; urged strongly "a definite and a fixed scientific tariff" and "the necessity for the Conservative party to immediately perfect their organization everywhere." About the same time Hon. Howard Ferguson, M.L.A., Conservative leader in Ontario, was still more explicit, (at a Toronto meeting, Feb. 2nd) on the party issue: "There can be no permanent Unionist party in Canada. The Liberal-Conservative party will not and must not abrogate its traditional place in the affairs of this country, but must be the rallying ground upon which both Liberals and Conservatives, as in the past, may gather to oppose the political and economic disaster which now threatens us."

In the Commons on Mch. 8 Sir Thomas White delivered a speech which dealt with national problems and conditions, defended keenly the record of the Union Government and his own financial administration and indicted vigorously all sectional or "class conscious" movements. It was a speech of aggressive character, clear and fearless in form and thought; it gave leadership and cohesion and constructiveness to the varied elements of feeling in the Union party he had originally helped to form. He first argued against the contention that the Government had exhausted its mandate; the mandate was the War and reconstruction was an essential part and product of the War; he pointed out that Sir W. Laurier's mandate in 1896 was the Manitoba School question, which he settled immediately but did not resign to go to the country, and so with Sir John Macdonald and the N. P. in 1878. His chief objection to a General Election at the moment was expressed as follows: "There is always a national objection, and a serious one, to an election held after a great war and while the public mind is disturbed, and I will tell you why. In the first place a war makes great demands upon classes as such and upon groups as such. You call upon the farmers; you call upon the manufacturers; you call upon labour; you call upon all the classes of the community by name, and it makes them self-conscious. There is a class-consciousness developed in time of war that is not developed in time of peace." All these feelings would be accentuated and aggravated by an Election.

He deprecated third parties and group systems in politics and added: "If Sir Robert Borden will form a National-Liberal-Conservative party, consisting of the old Conservative party and the members of the Liberal party who joined him in the great issue which was before us in 1917, and who think alike on national, including fiscal, questions, he will sweep the country." Sir Thomas then criticized the Farmers' party and its policy and, turning to Mr. Crerar, declared that: "The people of this country will not tolerate any Government with a fiscal policy that regards the tariff only as a means of raising revenue, and disregards the tariff as an instrument, as it has been and will continue to be, for the development of the resources of this country, and the maintenance and stability of our industries in Canada." In his Budget speech of May 18

Sir Henry Drayton, Minister of Finance, described the Tariff policy of the Government along similar lines as follows:

> Our policy calls for a thorough revision of the tariff with a view to the adoption of such reasonable measures as are necessary: (1) to assist in providing adequate revenue; (2) to stabilize legitimate industries and to encourage the establishment of new industries essential to the proper economic development of the nation—to the end that a proper and ever-increasing field of useful and remunerative employment be available for the nation's workers; (3) to develop to the fullest extent our natural resources; (4) to specially promote and increase trade with the Mother Country, the sister Dominions and colonies and the Crown dependencies; (5) to prevent the abuse of the tariff for the exploitation of the consumer; and (6) to safeguard the interests of the Canadian people in the existing world-struggle for commercial and industrial supremacy.

On July 1st a caucus of Government supporters was held at Ottawa and the chief public issue of all these months decided. The session, before its final adjournment, covered five hours of discussion. Sir Robert Borden addressed his followers at length and first reviewed the war conditions and the supreme national need which had created the Union Government and the hardly less vital problems growing out of the War which had since held them together; he dealt with the illness which had come to him in September and the advice of eminent physicians that there must be immediate retirement from public duties; he described the pressure brought by his colleagues on the ground of retirement at that juncture being detrimental to public interests and their urgent request that he retain his place and take a prolonged leave of absence:

> Since my return I have had the opportunity of testing my capacity for resumption of my duties and I am convinced, beyond all question, that to continue as Prime Minister means a constant and unavailing struggle against impaired health and strength. Last December the most sanguine estimate of my condition demanded a complete respite from active work for at least a year. Any such advice was a counsel of perfection which, as you must realize, was wholly impracticable. The Prime Minister of this Dominion under present conditions could not and should not abdicate his duties for any such period. On the contrary the situation requires complete possession of full health and vigour by the person who is called upon to fulfill the responsibilities of the Premiership.
>
> For nearly two years we have been facing the problem of reconstruction. The strain imposed upon the Ministers since August, 1914, is not to be measured by years. It has left its effects upon every member of the Administration and, notably, upon myself. May I add that, although the path of duty was not always to be discerned clearly, I never consciously departed from it, and I hope you will consider me entitled to an honourable discharge. I have the permission of H.E. the Governor-General to inform you of my retirement in the immediate future.

Sir Robert then dealt with the political situation which he described as full of cheer: "We have a fine working majority in Parliament; we have a good cause and a good policy; we have magnificent ability, energy and debating power in our ranks. There should be no difficulty in carrying on the Government. All that is essential is to stand together in the future as in the past. There is no pronounced divergence of view as to fiscal policy; less in our ranks than in the ranks of our opponents." As to specific problems of the moment his views were known to the Party; upon the fiscal issue he agreed entirely with the recent pronouncement of Sir H. Drayton; as to the Empire, "all questions over relations with it should be placed as far as possible above party controversy and at the great Constitutional Conference which will probably be held next year all political parties should be represented." He deprecated strikes: "No strike was ever really successful which had not the support of public opinion. If, in the League of Nations we count on the settlement of international differences by judicial decision instead of the arbitrament of war, why should we not compose our domestic difficulties without resort to archaic methods which are at least comparable, in their results, to civil war?" As to the National Railway System he was optimistic: "It is clear that for some years it will involve direct burdens, although these will be compensated by the indirect benefits. In the end that system will become a great national asset unless our anticipations as to progress and development are wholly falsified. Above all, let it never be made the football of party politics."

Following the speech it was decided to accept the inevitable and to re-organize the existing Party and, later on, to select a leader in place of Sir R. Borden in the decidedly novel fashion described by a *Mail and Empire* semi-official correspondent from Ottawa on July 2nd: "Each supporter of the Government in the two Houses of Parliament would forward in writing to the Prime Minister his views on the subject of leadership and propose three names in the order of his preference. Upon the expression of opinion thus secured, Sir R. Borden would base his selection of the man whom he would recommend to the Governor-General as his successor." Questions of organization and policy were discussed and the newly-formed political organization was named the National Liberal and Conservative Party. This was followed by a speech from the Hon. N. W. Rowell, who declared that he did not feel that his mandate from the Liberal-Unionists of Ontario, who gave him their support when he entered the Union Government, extended to joining in the formation of a new party, and he had therefore intimated to the Prime Minister that he desired to retire from the Government at the close of the present Session. Mr. Rowell, however, at the earnest request of the Caucus, undertook to consult his political friends in Ontario before making this decision absolute. Then came consideration and finally approval of a new Platform for the new party. The announcement of Sir Robert Borden's coming retirement evoked an unusual though by no means unanimous tribute of praise and of appreciation for his war-time services.

A New Party and New Policy: Formation of the Meighen Government.

In the preparation of the new Platform for the National Liberal and Conservative Party, it was obvious that the dominant force would be Conservative but, also, that such Liberalism as was represented in the old Union organization or might, as was hoped, be found in the new party would receive, under Sir Robert Borden's guiding hand, all possible recognition. As a whole the Liberal-Unionists of 1917 remained with the caucus and the new party and in approval of the terms of this document. Messrs. Calder, Guthrie, Ballantyne, and Sifton, were still in the Government though Mr. Rowell had intimated, and ultimately carried out, his withdrawal; Hon. A. K. Maclean also absented himself from the meeting and announced his re-allignment with the Liberal party—as had Hon. W. S. Fielding and F. F. Pardee some time before this. The Platform as given to the press after the Caucus of July 1st, was as follows:

Constitutional. Firm adherence to British connection in full confidence that Canada will find its amplest scope for development, usefulness and influence as a member of the Britannic commonwealth with the status of a self-governing nation equal to that of the other members. The maintenance of the autonomy of Canada and its existing rights and powers of self-government; the approval of the principle that no treaty, understanding or committment which may involve the Empire ought to be undertaken except after consultation and by common consent in the common interest. Approval of Canada's membership in the League of Nations and a firm determination to maintain our recognized status as a member of the League. The upholding by every means within the Federal power of constituted authority throughout the Dominion, the maintenance of parliamentary control over all legislation; respect for the rights and powers of the provinces.

Citizenship. The adoption of such measures as are necessary to maintain and protect the ideals of Canadian citizenship and co-operation with the provinces in their efforts to Canadianize alien enemies. The fostering of Canadian as opposed to any class or sectional spirit and the elimination of all prejudices that tend to retard or destroy National unity and development.

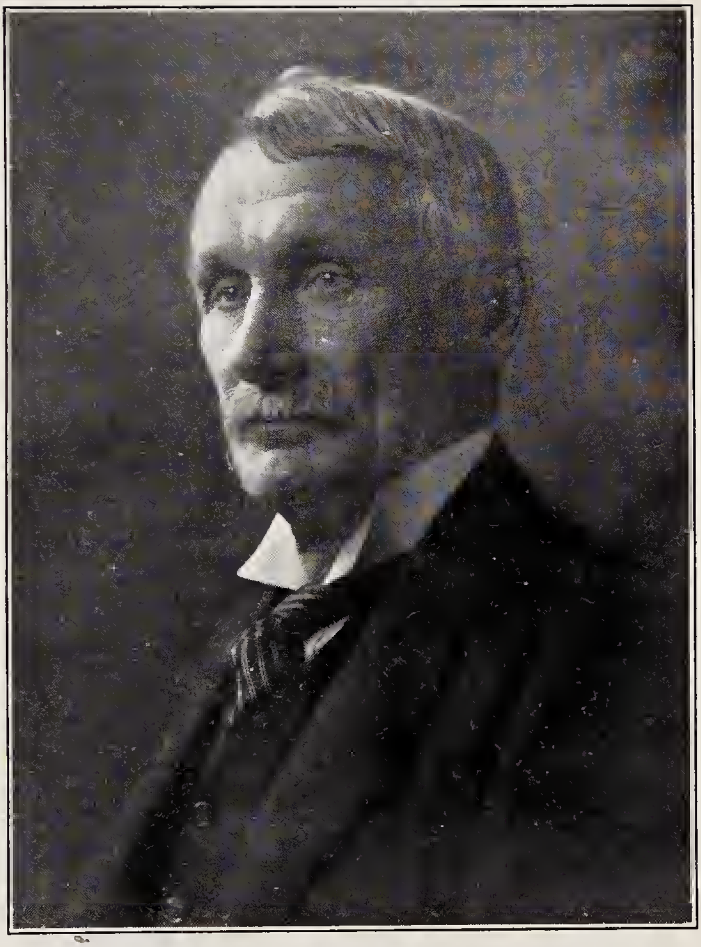
National Policies. Practical application of the principle that parliament and government exist to make and administer laws for all the people and not for any particular class or section to the detriment of the nation as a whole; the carrying out of policies that are nation-wide in their application or effect and that look toward the growth and development of the whole of Canada and the prosperity and happiness of all its people.

The Tariff. A thorough revision of the Tariff with a view to the adoption of such reasonable measures as are necessary (a) to assist in providing adequate revenues; (b) to stabilize legitimate industries; (c) to encourage the establishment of new industries essential to the economic development of the nation; (d) to develop to the fullest extent our natural resources; (e) to prevent the abuse of the tariff for the exploitation of the consumer and (f) to safeguard the interests of the Canadian people in the existing world struggle for commercial and industrial supremacy. As a means of raising revenue the tariff should be so adjusted as to place the chief burden upon those best able to bear it. Articles of luxury should be heavily taxed through imposition of customs and excise rates. Food supplies and other necessaries of life, not produced or manufactured in Canada should, if taxed at all, bear only such impositions as are necessary for revenue purposes. Those produced in Canada should be subjected to such customs duties as may be necessary in the general national interest to be determined after strict investigation from time to time.

Apart from the question of revenue, the tariff should have regard to the maintenance, stability and prosperity of Canadian enterprise in the development of all our national resources in lands, forests, mines, fisheries, as well as our agricultural and manufacturing industries. Consideration must also be given to the importance of creating and maintaining conditions that will afford to Canadian industrial workers opportunities for steady and remunerative employment, and maintain proper and decent standards of living among our labouring population.

For the purpose of encouraging the fullest development of our natural resources the tariff should be so adjusted as to permit machinery and the implements of production to be purchased at prices that will compare equitably with those paid in other countries for similar articles. The revised tariff law should be so framed and administered as to effectively prevent any customs duties being used to facilitate the formation or maintenance of any combine, trust, association or agreement among manufacturers, dealers or producers, for the purpose, at the expense of the general public, of restraining trade, preventing competition or unduly enhancing the selling price of any article of commerce.

The principle of trade preference between the different members of the Britannic commonwealth should be maintained and extended from time to time to such degree as may be found practicable and consistent with Canadian interests. While a general revision of the Canadian tariff based upon the foregoing considerations is due, it must be recognized that, owing to the war, economic and commercial conditions the world round, have been profoundly disturbed and that, as a consequence it is



Sir George Robert Parkin, K. C. M. G., L. L. D.,
Knighted by H. M. The King, 1920

neither practicable nor possible in the national or public interest to undertake such revision until a thorough enquiry is made to ascertain the essential facts upon which tariff provisions must necessarily be based. The maintenance and continued application of the principle of direct taxation with a view to increasing the national revenue derived from this source.

National Expenditure. Owing to heavy financial burdens entailed by the war, and resulting from Railway policies adopted in pre-war days, the general national interest demands the utmost economy in every department of government and effectual provision for the gradual reduction of the war debt. More comprehensive and effective methods of providing for the control of expenditures by Parliament must be devised and adopted.

National Railways. Recognition of the necessity under existing conditions of amalgamating and unifying the various railway lines owned by the Dominion with a view to eliminating duplication and effecting economies in construction and administration. Expert management and operation of the entire National Railways System unfettered by partisan political interference. The fixing of a proper capitalization for the national railway system.

National Defence and Air Services. The re-organization, upon a moderate scale, of the Canadian militia system, and the restriction of the Permanent Forces to such establishment as will constitute a nucleus for defence, maintain respect for constituted authority and ensure the public safety. The establishment and maintenance of an efficient nucleus of a Canadian Air Service so constituted and administered as to be available for either military or civil duties.

Ex-Members of the Forces. Continuation of the policy of aiding ex-members of the forces to become satisfactorily established in the civil life of the community. Should experience show the necessity, further special consideration of claims made upon behalf of the disabled, or the dependents of those who have fallen, in order that the nation may discharge its full obligations to those who have thus suffered.

Labour. The enactment of such laws as will carry into effect the ideals and principles embodied in the Treaty of Peace.

Agriculture. The inauguration of policies conceived with a view of increasing the agricultural production of Canada and of improving marketing methods and facilities in order to obtain the best net return to producers. With this object in view, and for the purpose of eliminating duplication of services and expenditures, the reaching of an agreement with the provinces respecting the future activities of the Federal and Provincial Departments of Agriculture.

Co-operation with the provinces in the direction of providing better rural credits and improved social conditions in rural communities. Regulation and control of cold storage and refrigerating facilities so as to provide for the satisfactory marketing of perishable products in the interests of both producer and consumer. Co-operation with the Provincial Departments of Agriculture in a united effort having for its object the improvement of the livestock and dairy industries to the end that production may be increased and quality improved. To further facilitate and encourage all phases of agricultural production by investigation and experimentation.

Foreign Trade. Continued thorough study by competent experts of foreign markets and the opportunities therein for the development and extension of Canadian trade.

Immigration. A firm adherence to the principle that Canada as a self-governing nation has the absolute right to determine its own immigration policy. The energetic promotion of immigration of desirable classes of persons who wish to establish homes in Canada and to become loyal Canadian citizens. The continuation and extension of the policy adopted to prevent the landing in Canada of mental or physical defectives, and of those whose ideals, customs and modes of life are such as to render them incapable of assimilation within a reasonable time.

Natural Resources and Conservation. The transfer under fair terms and conditions of remainder of the public domain held by the Dominion to any Province of Canada, in which such domain is situated, subject to such reserves as may be deemed advisable in the public interest. As regards the public domain and all other natural resources outside the provinces and owned by the Dominion the adoption of such policies as will result in their use and development to the advantage of Canada as a whole.

Inland Waterways and Highways. Such further development of the existing Canal systems of Canada as is necessary to improve navigation and cheapen transportation. The carrying to completion of provisions made by Parliament for co-operation with the provinces in the matter of Highways construction.

Following this pronouncement the question of the hour was as to the Premiership and the attitude of the Liberal-Unionist members of the Borden Government. Mr. Rowell's decision was soon known and his friends stated that, practically, he had made up his mind four months before this time to retire whenever the change of leadership occurred; there was talk in the Liberal press of his going to Washington if arrangements were effected as to representation there. When his decision was finally announced, the *Mail and Empire* gave a graceful Conservative tribute to his services: (July 9): "Hon. N. W. Rowell leaves the Government just as he is coming into his own. His great abilities, his unflinching devotion to principle, and his loyal service as Minister of the Crown were beginnng to wring praise from many who, because of his strong stand on the side of Temperance, could never before do him justice." The Toronto *Star* (July 10th) declared that in the Cabinet he had long been a victim of vindicative hostility: "But it is impossible not to regard him as a man who, at a most difficult period in Canada's history, placed at his country's disposal, a sheer ability, an unflagging industry, and a statesmanlike breadth of vision which have been invaluable to the Dominion. His reputation will be enhanced as his period of office is seen in perspective." As a matter of fact, Mr. Rowell's services were of a practical as well as political nature; he was Minister of Health following the creation of that Department and his work was of real utility; he brought the League of Nations home to the public mind with the same efficiency as Sir R. Borden showed in the constructive work at Versailles.

Meanwhile, the Prime Minister had been receiving a multitude of telegrams and letters as to the selection of his successor and it was known that the names of Sir Thomas White—despite his reiterated statements that health would not permit—Mr. Meighen, Mr. Calder and Sir H. Drayton were amongst those suggested for the leadership. Outside of the House the chief name mentioned in the press was that of General Sir Arthur Currie which was brought forward by General Odlum of Vancouver. On July 7th it was announced that the formal resignation of Sir Robert Borden would be accepted by H. E. the Governor-General on the 10th and that His Excellency would then call upon the Hon. Arthur Meighen, Minister of the Interior, to form a Cabinet; it was also stated that Mr. Rowell would not be a member of the new Government and that the Hon. Martin Burrell would accept the Librarianship of Parliament vacated by the retirement of Dr. Martin J. Griffin; it was generally understood and stated that the Governor-General had formally offered the Premiership to Sir Thomas White but that he had declined the honour. The new Prime Minister was sworn in very quietly on the morning of July 10. Three days later the new Government was also sworn in as follows:

Prime Minister and Secretary of State for External Affairs.......	Hon. Arthur Meighen, B.A., K.C.
President of the Privy Council, Minister of Immigration and Minister of Health	Hon. James Alexander Calder, B.A., LL.D.

Minister of Trade and Commerce..	Rt. Hon. Sir George Eulas Foster, G.C.M.G., D.C.L.
Minister of Finance	Hon. Sir Henry Lumley Drayton
Minister of Justice	Rt. Hon. Charles Joseph Doherty, K.C., D.C.L., LL.D.
Minister of Militia and Defence and Acting Solicitor-General	Hon. Hugh Guthrie, K.C.
Minister of Railways and Canals...	Hon. John Dowsley Reid, M.D.
Secretary of State	Rt. Hon. Arthur Lewis Sifton, K.C., M.A., D.C.L.
Minister of Marine, Fisheries and Naval Affairs	Hon Charles Colquhoun Ballantyne.
Minister of Agriculture	Hon. Simon Fraser Tolmie
Postmaster-General	Senator Pierre Edouard Blondin
Minister of Public Works	Hon. Fleming Blanchard McCurdy
Minister of Labour	Senator Gideon Decker Robertson
Minister of Customs and Inland Revenue	Hon. Rupert Wilson Wigmore
Minister of Interior, Superintendent-General of Indian Affairs and Minister of Mines	Hon. Sir James Alexander Lougheed, K.C.M.G., K.C.
Minister without Porfolio	Hon. Sir Albert Edward Kemp, K.C.M.G.
Minister without Portfolio	Hon. Edgar Keith Spinney

Of the new Ministers Mr. McCurdy was a financier, first elected in 1911, and had already Government experience as Parliamentary Secretary for Militia and Defence in 1916 and for the Soldiers' Civil Re-Establishment Department since 1918; Mr. Wigmore had only been three years in the House but was a well-known citizen of St. John; Mr. Spinney was a business man of Yarmouth, N.S. and, though only in the House since 1917, was well-known throughout his Province. Of the Ministers only Messrs. McCurdy and Wigmore had to go to their constituents, and they were re-elected in due course. In the new Government, by virtue of organizing ability, Western influence, experience as Minister of Education in Saskatchewan during many years and his personal aptitude for politics, Mr. Calder was the leader of the Liberal element while Sir George Foster remained the *Doyen* of the Cabinet in general experience and oratorical power. Sir James Lougheed had won a position which prolonged work and administrative skill, in various temporary posts, had fully entitled him to hold. In the new Government of 16 members there were only four who had any claim to be called Liberal (Calder, Guthrie, Sifton and Ballantyne) and only one French Canadian in the person of Senator Blondin.

The new Prime Minister had thus come into power at the early age of 44—the youngest to hold this office since Confederation; Mackenzie King, the Leader of the Liberals, and T. A. Crerar, the Leader of the Farmers, were also on the sunny side of fifty; so were W. M. Martin of Saskatchewan, E. C. Drury of Ontario, and W. E. Foster of New Brunswick. Mr. Meighen was emphatically a fighter, cold and reserved, almost austere in temperament yet abundantly aggressive and always in earnest. In Parliament his reputation as a debater had grown steadily from his entrance in 1908; his part in the elections of 1911 had been notable and since then in the House he had been called upon on many serious occasions to speak for the Government—as in the Naval question and the Tariff situation, the Transcontinental and other Railway issues; while the Grand Trunk acquisition Act, the Military Service Act, the War-Time Elections Act and the Land Settlement Act, were instances of his skill in legislation and Parliamentary leadership. Born a Canadian of Irish descent—Gordon Meighen, his grandfather came from Ireland in the early forties—a native son of Ontario and a graduate of Toronto University; he had lived in the West since the latter event, with Portage La Prairie as his home and was called to the Manitoba bar at Winnipeg in 1903; his wife was Miss Jessie Isabel Cox, who was born at Granby, Que., and afterwards lived at Birtle, Man., and to her he was married in 1904. The following comments of the press which, in general, were affected somewhat by a new and rather sharp Party allignment, indicate public opinion as to the personal and political aspect of the appointment:

The Daily Star, Toronto, (Lib.): The new Premier of Canada is a man of character, resource, industry, ability and courage. Mr. Meighen has won his way fairly to the top. He is the logical leader of the Conservative party.

The Globe, Toronto, (Lib.): The Premier-designate is a Conservative who acknowledges no hyphenated limitations. The old-line Tories who have been calling for a return to pre-war Conservative policies and for the re-organization of the party under a fighting Leader will follow Mr. Meighen gladly. He is not only true blue politically, but he is a first-rate fighting man.

Le Devoir, Montreal, (H. Bourassa); Mr. Meighen represents in person and temperament, in his attitudes and in his past declarations, the utmost that Anglo-Saxon jingoism has to offer in the way of brutality, all that is most exclusive, all that is most anti-Canadian.

Manitoba Free Press, Winnipeg, (Lib.): Mr Meighen's successes during his 12 years of public life have been those of the platform and the Parliamentary forum. As a public speaker he ranks high, but he is seen at his best in Parliament. Since the passing of Sir Wilfrid Laurier he has been easily the first figure in the chamber as a master of the Parliamentary arts; and these qualities of readiness, combativeness and all-round capacity have bred faith.

Mail and Empire, Toronto, (Cons.): Prodigious industry soon made Mr. Meighen the chief reliance of the Government in difficult technical debates on various subjects, such as railway matters, war measures, etc. Hon. Arthur Meighen's career illustrates clearly how a man can make opportunities, if he has the will, how he can compel others to take him into account.

The New Prime Minister: Mr. Meighen's Political Views and Public Policy.

During the first half of the year and while still only a possibility as Prime Minister, Mr. Meighen had taken a most pronounced part in public affairs. Wherever and whenever opportunity served, he stood strongly for the Government, its policies and ideals, its past record and future prospects. Speaking at Kingston on Jan. 30th, he said the Union Government had been charged with travelling too fast, now it was charged with drifting; as a matter of fact, Parliament only could legislate, and "the sole duty of a Government between Sessions is to conduct the public services." He declared that this country was suffering from extremists, and considered it essential that the moderate men of every class should get together and form a party that could hold the ship of state steady, and steer it safely.

Despite difficulties, he remained an optimist as to Canada and at the South Shore Board of Trade, Montreal, (Feb. 10th) said: "Let us consume what we reasonably need, that is fair, but not on an extravagant scale; gain the biggest grip we can on the markets of the world. We have not made any great mistakes in the past and Canada came out of the world's conflict with the good-will of the world. There is no reason at all why, before we turn another decade, we should not have 14,000,000 living in this country." To the annual banquet of the Winnipeg Board of Trade on Feb. 18th, he dealt at some length with the League of Nations' situation: "The representation obtained by Canada is essential to this country; it is a right due to our people as a nation, and if surrendered will be forever lost, and we as Canadians profoundly regret that the country which should seek to challenge our place in the League, should be our good neighbours, the Republic to the south. The Government of Canada has taken on that question an unequivocal and easily understood and most determined stand."

As to the Government itself, Mr. Meighen made a frank statement: "The Government of Canada has for two years and four months been carried on without proper organization—Indeed without the existence behind it of any definite party at all. No one felt called upon to champion or defend it. There has been nothing in the nature of party fidelity and support on the part either of the public or the press, such as every preceding Administration enjoyed. On the other hand, an Opposition, organized on party lines, with clearly-defined press support has never ceased to attack with all the old means of warfare. Besides this, another party entity has appeared on the political arena, and breathes out threatenings and slaughter against us. It entices our friends by attacking our foes and its programme now seems to be to assault our opponents with words and ourselves with both words and votes."

In the Commons on Mch. 4, Mr. Meighen took up certain statements made by Mr. Crerar and replied in characteristically logical terms. His reference to the objections raised against those who called the Farmers' movement a class movement was typical: "I should think that a class movement was one that was originated by a class; and having a very simple and ordinary mind, I should conclude that the farmers of this country were a class. If this movement was not originated by the farmers as a class, by whom was it originated? I do not know that any other class in Canada had anything to say in the formation of the Platform upon which it now appeals, and I do not think that anyone would stand up and say he had. That platform is now a completed fact. It became a completed fact at the dictation and after the consideration of the class that originated the movement." In correcting a charge that he called Canadians "subjects of Great Britain," he said: "We in this country as our brothers in Great Britain, are subjects of the King of Great Britain and of the Dominions overseas; that is the correct phrase. As a subject, I do not lament the fact; I glory in it. But we can be subjects of Britain's king and at the same time be a nation, here, with all the powers of nationhood that we possess to-day."

A discussion in the House on May 7 resulted in much and striking testimony to the efficient administration of the Soldiers' Settlement Board under control of Mr. Meighen's Department of the Interior and of W. J. Black as Chairman of the Board. The Minister, in presenting the current vote of $50,000,000, made a statement as to the 36,000 men and $58,859,069 of loans coming under the operation of the Act. T. W. Caldwell (Agrarian) said that the Act was a good thing and served a good purpose; Dr. Michael Clark (Lib.) found in the statement "everything to commend and nothing to criticise;" C. G. Power referred to the Minister's "clear, lucid and interesting statement" though he quoted a number of G.W.V.A. criticisms; E. W. Nesbitt, R. H. Halbert, F. L. Davis and other Oppositionists joined in a tribute to Mr. Black as Chairman.

A rather notable speech was that of May 25 which championed the National Policy of Protection and replied to an uncompromising speech by Dr. Clark, who had declared that "the only right way to settle a Tariff is to cut its head off just in front of its tail!" After defending the Income tax and the $181,000,000 to be raised by direct taxation under the new Budget, Mr. Meighen argued at length against Free-trade as embodied in England's experience and in favour of Protection as accepted by most of the other civilized nations of the world: "The remarkable fact about the position of that country to-day—and they know it over there just as well as we know it and regret it more keenly than we do—is, that while they have an aggregate trade which I think is second in the world, (being next to that of the United States of America), they are selling in the world to-day (1919) something over $3,000,000,000 worth of goods and are buying over $7,000,000,000 worth. They are buying at the present rate almost $2 for every $1 they sell, and that is directly the consequence of the trade policy they have pursued. The United States, on the contrary, with a bigger aggregate trade, is selling $8,000,000,000 worth (round numbers) and is buying only $3,000,000,000 odd, a balance in their favour of goods sold over goods bought—and surely that is what counts—of over $4,000,000,000 annually."

He followed this with a lengthy description of the decay of agriculture under British Free trade, and summarized the situation as follows: "Free trade has depopulated rural England; it has filled the emigrant ships with fugitives from her shores; it has scattered the manhood of Great Britain through the fields and workshops of the United States; it has starved and repressed and dwarfed the nascent industries of Ireland; it has reversed the supremacy that Britain held through centuries in the industrial life of the world, and caused her to concede the place to other great competing nations who adopted a different policy. Such is the history of Free trade." Mr. Meighen then quoted from all kinds of reports and documents to prove the growth of protectionist sentiment in Great Britain; he compared the Liberal one-time advocacy of Free trade in Canada with their policy during the Laurier *régime;* he quoted the policies of the Farmers' and Liberal parties to indicate what would be done if either or both those parties attained power and claimed that in many items—especially implements and articles of food—the present tariff was lower than under Laurier or under the proposed Reciprocity of 1911. As to the present and future of the Tariff, he was explicitly in favour of moderate rates.

Following his accession to the Premiership, Mr. Meighen was, of course, still more in request as a speaker. His first public address after that event was to the Board of Trade, Montreal. It was brief and optimistic: "Other countries have greater difficulties than we have, and it is with cheerfulness and unfailing resolution that we must face the years ahead." On Aug. 2nd the new Premier visited his Western home and constituency at Portage la Prairie and, accompanied by Mrs. Meighen, received a warm welcome—official, personal and non-political—with Sir James Aikins, Lieut.-Governor, seven members of Parliament, Mr. Premier Norris, and many members of the Legislature present; five special trains brought in visitors from all parts of the Province and many farmers with their families. In his address Mr. Meighen made an appeal for French-Canadian support and uttered a strong warning against the forces of unrest and disorder let loose by world war conditions: "Even on this continent and in this country, the forces of destruction are at work. I am afraid we are blind if we do not believe that they are a lot stronger than they were and that the menace is real. But evidence has taught us that the removal of injustice in not itself enough. The idealist may talk as he likes, the theorist may prate as he pleases, but you cannot get rid of the enemies of order by mere force of equitable laws. Make your laws as fair and just as human wisdom can devise, enforce them as impartially as you will, and the State may still be in danger. The demagogues and the destructionists can keep within the law and still do their work. By misrepresentation, by misinformation, by the arts of language, by the guile of words, they poison and inflame the mind."

Right-thinking people must stand together for policies of sanity and moderation and the security of property honestly earned: "There can be no compromise with what is fundamentally wrong. We cannot tolerate what is merely selfish and destructive." A stop was made at Chapleau on Aug. 4 and a welcome was given the Premier at Sudbury in the evening. At Stirling on Aug. 11 he made a Policy speech which was afterwards republished in pamphlet form and widely circulated; it was in fact the first political address of the new Premier. Of his new Party he gave this description: "No party in any part of the world was ever better born or better bred. Like similar parties in England and France, it is a product of the War. It is Liberal, it is Conservative; it embraces and it stands for the best interpretation and the best meaning of both words. It is national because its care is the nation; its scope, its field, its vision are nation-wide and nation-big." Then followed a defence of the Union Government and its policy, with a reference to the wreckage and collapse in Europe and this striking passage as to Russia under Bolshevism: "There is nothing there but a disordered, dishevelled, swirling, suffering, seething chaos of humanity, with assassination on top and starvation underneath."

Regarding the charge of high tariff advocacy he said: "In 1911 the average duty stood at 26·76 per cent. . . . We then needed in this country a revenue of only $125,000,000 a year, but now we need a revenue of $350,000,000 or $375,000,000. We have to have it to help re-establish the returned men on the land and in the hospitals and everywhere else. We have to have it to carry on Government and pay what we have to pay to-day. We have to have nearly 300 per cent. more revenue than in 1910. So you might be excused for thinking, after what you read and after what you know of the necessities of the revenue in Canada, that this Government had raised the rate of duty. You will be surprised, perhaps astonished, when I tell you from the official figures that the level of duty this year is not 29·22 per cent. as it was in 1898, not 26·76 per cent. as it was in 1910, but 23 per cent. on the whole range of dutiable goods!"

As to the exchange situation, he made this point: "In our transactions with the United States, the value of our dollar in that country is largely if not entirely determined by the course of our trade and permanent dealings with them. The best and sanest way to keep our dollar at 100 per cent., is to produce and make more goods in Canada and sell them over there, and buy less goods over there for the purposes of consumption here. We are selling England more than we buy from her—most countries are—and our dollar is worth over 100 cents there. We are selling the United States less than we buy from them, and our dollar is worth 85 cents over there. I put it to you farmers of the County of Hastings: Get right down to the marrow of your minds and tell me if you are going to help the Canadian dollar in the American market by lowering the duties against goods from the United States?

An important incident occurred at Ottawa on Aug. 19 when, at the Premier's call, a Conference was held of the Ministers and Senators and members supporting the Government and an Executive Committee formed to deal with the political organization of Ontario; Dr. W. J. Black also was appointed Director of Organization for the Dominion. His resignation as Chairman of the Land Settlement Board was afterwards announced; his public services as Deputy Minister of Agriculture for Manitoba, President Manitoba Agricultural College, Secretary of the Ottawa Economic and Development Commission and Commissioner of Agriculture at Ottawa were equally well known. John Bain, who acted for the Unionists in 1917, was, a little later, appointed in charge of Publicity matters. On Aug. 13 Mr. Meighen was in Toronto, visited the Harbour works, accepted a Civic luncheon and a reception at the house of Edmund Bristol, M.P.; on the 17th he visited St. Mary's, the home of his boyhood, and received an enthusiastic non-partisan welcome led by Hon. Peter Smith, Provincial Treasurer.

In his speech the Premier said he thought Canada had reached and passed the crest of the class antagonisms which follow war: "I believe that already softer winds are blowing and a brighter sun is shining and that if each in his own way holds his head high and keeps steady his processes of thought, we will not suffer, as it looked a short time ago we might suffer, what other nations have so much and so sadly endured." At Truro, N.S., on Aug. 24, the Prime Minister delivered another elaborate political speech in support of Mr. McCurdy's candidature for re-election. As the opposing candidate was a follower of Mr. Crerar the bulk of the speech was directed along fiscal lines: "The movement, as you know, is Western born, and I take the responsibility of saying, as one who knows something of it, it is Free trade those men want who are in charge, and Free trade they intend to have. Keep in mind as well: If by any aggregation of groups the present Government is defeated, the Free trade group will be in supreme control. The strongest group among our foes, and the strongest by far, is the free trader, the tariff destroyer, joined unfortunately and unnaturally to the free wrecker, who wants everything else destroyed as well."

He did not believe that one-third of Canada's farmers were really Free-trade nor one-tenth of the workingmen. As to the rest: "The public mind is confused with a veritable babel of uninformed tongues. A great many people seem to have lost all sense of values, of proportion and of numbers. Extravagance in thought is as great as the undoubted extravagance in living. Thousands of people are mentally chasing rainbows, striving for the unattainable, anxious to better their lot, but seemingly unwilling to do it in the old-fashioned way by hard, honest, intelligent effort." Brief addresses followed at Moncton, N.B., and Amherst, N.S. At Quebec on Sept. 6, the Prime Minister, in company with H. E. Cardinal Bégin and the Hon. A. L. Taschereau, Premier of Quebec, unveiled a monument to Sir George E. Cartier, the French-Canadian Father of Confederation. Mr. Meighen summed him up as follows: "Cartier grasped firmly these guiding principles, from which he was resolved never to part: (1) British connection; (2) responsible government in full effectiveness; (3) Federal operation instead of Legislative union; (4) the working together, rather than the merging, of French and English in Canada." Mr. Meighen was at Kingston, on Sept. 9, when W. R. Givens of the *Standard* tendered him a banquet; at Windsor on the 13th he addressed the Trades and Labour Congress. His Labour views were succinctly and explicitly stated:

> The central purpose of the organized Labour movement is to raise the status of the working man, and it has succeeded. There can be no doubt of it. It has raised the standards of education, recreation, wages and safety of the craft in which he is engaged. In a word, the general standard of living has been improved, yet there remains considerable room for improvement. The question now comes, along what line can further progress be made, and I can give you the answer—along the lines that have brought results in the past, along the lines of exposure of facts and the education of public opinion, of determined loyalty to your organization, but also of the loyalty, superimposed, to your country which brings to your organization public respect and confidence—fidelity of agreement, fulfillment of contract, the respect of public rights, the rights of the ballot, and the seeking of success through the approval of the majority of the public.

The week-end of Sept. 20 the Premier spent in Montreal and then undertook a brief tour of the Eastern Township of

Quebec, accompanied by Mrs. Meighen. At Compton on the 21st he visited Bishop's College School and told the boys he had once been a teacher and that "hard work was the only thing that could get a man anywhere;" Stanstead and Waterville and Coaticook were visited and Sherbrooke gave a decorated and hearty welcome. Here, the Premier replied to a French Civic address with the words: "If I may offer a suggestion that seems to me at the moment the most valuable I can give, it is that you do not accept at par the reports, more or less coloured, that we hear of each other." Magog and Knowlton were next visited and with the Premier, at this time, were two Ministers—Messrs. Doherty and Ballantyne—and Senators G. G. Foster and R. H. Pope.

The important speech of the tour was, however, that which was given in the Sherbrooke Armouries on Sept. 21. Mr. Meighen, in this centre of industrial growth, once more flung down the challenge to all free-traders and to the Agrarian and Liberal leaders in particular. He charged them both with hedging on this issue when speaking at industrial points such as Montreal or Sherbrooke, but as talking straight out when before rural audiences east or west. Passing from Quebec's agricultural and industrial prosperity under Protection he dealt at length with vague accusations and innuendos as to his personal view of the French-Canadians which had been published in the hostile party press from time to time. He denied these statements emphatically and described them as red herrings dragged across the path of the vital issue—the Tariff and all it meant to the people of Quebec:

> I have never in my life had the slightest thought or desire for the isolation of the Province of Quebec, or for the Anglicizing of, or any other merging system for, the Province of Quebec. I want this Province to have its full and adequate say in this Government, and only too ready would I be if you could furnish the means, to embrace within the folds of administration a full representation from the French-Canadian majority of the Province. The French-Canadian majority of this Province stood beside the table of Confederation, and as long as this Dominion lasts, if they have the will and be not deceived, this French-Canadian Province will take its part in the counsels of our country. We want unity in Canada. We have not a better unity because of the designs of ambitious politicians and political newspapers. We must have unity, but that does not mean that we must not have diversity of race. There is such a unity as the unity of diversity, there is such a unity as takes its root on and is built on a common love of a common land, and just as the mighty St. Lawrence takes its strength from a dozen rivulets and streams, so the great confluence of our Canadian nationality gathers its origin and its might chiefly from the two great racial sources, the French-Canadian and English-Canadian races.

Brown Lake and Cowansville were visited and at Granby on the 22nd the Prime Minister reiterated his Tariff arguments and French-Canadian views and dealt once more with current conditions of unrest—Montreal *Star* report: "I don't say that the Farmers' party want to overturn responsible Government, but many of those with whom they have alligned themselves in Winnipeg and Vancouver, and from end to end of this country, undoubtedly hold out as their goal the reversal of the system of government in this Dominion. Therefore, the addition of these groups to the Farmers' party, constitutes that party the most formidable opposition of the Government; picture to yourselves what would happen if that group should be in control." Replying to criticisms of this statement, in an Ottawa interview of Oct. 1st, Mr. Meighen stated that if anyone wished to challenge the declaration he had better make enquiries as to what took place in the by-elections at Temiskaming and Colchester. Concurrently with this tour, the two Ministers, Messrs. McCurdy and Wigmore, had been returned by sweeping majorities —the opponents being, respectively, an Agrarian and a Liberal. Following this success, the Premier went into the East Elgin by-election and spoke at Straffordville on Oct. 12 when he declared that the Government stood for "reasonable and moderate Protection;" denied that he had ever called the Farmers Bolshevists as was now being asserted, but reiterated the fact that in two by-elections recently the seditious local element had been behind the Agrarian candidates.

This was the last deliverance before leaving for his Western tour; on Oct. 15 Mr. Meighen was gazetted in London a member of His Majesty's Privy Council. A word must be said at this point as to Mr. Meighen's attitude toward Quebec. While his speeches may not have been as conciliatory as those of Sir Robert Borden, there had never been a specifically quoted utterance showing hostility to the Province or anything except appreciation of the high part played, and to be played, in Canadian history by French-Canadians. His first important speech as Prime Minister (Portage la Prairie, Aug. 2nd) had appealed earnestly for French co-operation and re-echoed recent utterances of Mr. Premier Taschereau along that line: "We ought to, we have to, get away from differences that really are not differences at all from the standpoint of the vital concerns of the country. We have two great races. The fundamental institutions of Canada are just as dear to the one race as to the other. The peril of every nation has been a tendency to divide on lines of race, on lines of religion, on lines of social caste, on lines of occupation. When the tendency gets too strong the beginning of the end comes. If we do not come together and reach a better understanding and a better unity on things that are vital and essential to the State, there will be a heavy penalty paid."

The *Globe* in Toronto and *La Presse* at Montreal had approved of this speech. The *Mail and Empire* (Aug. 9) took advantage of it to urge a new coming together as between the Government and the politically-isolated Province: "Quebec ought to be exerting her full and vigorous influence in national affairs. She has everything to lose by remaining in a state of isolation. It cannot but be the wish of the new Premier of the Dominion to have Quebec duly represented in his Cabinet." In September there were many press rumours of approaches being made to Hon. E. L. Patenaude, a former Minister and a Conservative who had resigned on account of Conscription, and George H. Boivin, Deputy-Speaker and a moderate Liberal, to join the Government, but nothing came of the effort—if it were made. So, later on, in December, with the alleged invitation to L. J. Gauthier, K.C., Liberal member for St. Hyacinthe, to enter the Cabinet.

Mr. Meighen's Western Tour; The Government and the West.

On Oct. 25, at Winnipeg, the Prime Minister opened his first tour of the West as a party leader and made a strong effort to place before the people the policy of his Government and party. Sir James Lougheed was appointed Acting Premier in his absence; Sir George Foster and Mr. Doherty were preparing to leave with Mr. Rowell for Geneva and the League of Nations; Mr. McCurdy was to be Acting Minister of Trade and Commerce and Mr. Guthrie of Justice. The itinerary for Mr. Meighen included 22 centres but, as a matter of fact, he made more than 40 speeches from Winnipeg to the Coast, spoke to at least 75,000 electors and traversed 8,000 miles through five Provinces. He was accompanied by Hon. J. A. Calder and Dr. R. J. Manion, M.P., of Fort William; later on, Major Lee Redman, M.P., of Calgary, joined the party.

At Winnipeg great crowds in the streets and thousands who could not get in to hear his speech gave the Premier enthusiastic greetings. At the meeting there was a merging of old-time parties with such stalwart Liberals on the platform as Isaac Pitblado, K.C., (Chairman), Edward Parnell, Isaac Campbell, K.C., T. R. Deacon, L. E. Richards, K.C., and many others; the heckling by a few "Reds" who got into the hall was soon silenced and Mr. Meighen was introduced as "the first son of Manitoba to rise to the Premiership of the Dominion." His speech was militant and constituted a clear challenge to all Free-trade elements whether of the West or the East. In his address, which was adroit, persuasive and yet earnest, Mr. Meighen adhered, chiefly, to a few topics. He defended the Union Government in its formation and record; he devoted some attention to Liberal trade policy and the opinions of Mr. Mackenzie King who, at this time, was completing a tour of the West; he dealt strongly with the Tariff issue and the need for moderate Protection. He did not deal with Immigration, natural resources, control of Railway rates and other questions which were under current discussion.

He described the Opposition leader's language on the stump as "even more reckless than his language in Parliament" and elsewhere spoke of his "wild and wayward declamations." As to the Liberals and the Farmers: "He (Mackenzie King) says that he wants union with the Farmers and that I am trying to keep them from uniting. In the name of common sense what could I do to keep them from uniting? Let them unite if they want to and when they do let them tell us just where they all stand; you can't mix salt and moonshine." Upon the fiscal issue he was explicit; "There must be such a tariff as will make it pay Canadian industries to remain in Canada and make it pay industries to grow and to make good within this country. Up to that point, and not beyond that point, the tariff in Canada on any class of goods should go. We do not intend to go further. There is no value whatever in a tariff that does less. I believe the interests of Canadians of every class require that Canadian industries, and not United States industries, should grow with the growth of Canada."

At Moose Jaw on Oct. 26, Mr. Meighen continued his denunciation of class organization and Free trade. As to the former, he said: "I think it is most deplorable that those who happen to follow the occupation of farmers should get together as a political party and thereby divide the country along class lines. That is what they are doing. They have done good where they have devoted themselves to purposes connected with their occupation, but every man has a right to follow his own political opinion." Mr. Calder in his speech was equally emphatic on this point: "The farmers have been badly led along two chief lines—in the first place, as regards some features of their platform, and in the second place, because they have created a class movement that is bad for themselves, and bad for the country as a whole." He pointed to the Governments of Nova Scotia and Manitoba, which he claimed were good clean, honest Governments and then asked: "Why in the name of goodness should a class of the community go out to try and defeat Governments of that kind in the interests of a class movement as against the interests of the community as a whole?"

From here the party went straight through to Vancouver where the Premier and Mrs. Meighen were given a hearty civic welcome on the 29th and, after an informal luncheon, left for New Westminster where Mr. Meighen addressed a large afternoon meeting presided over by David Whiteside, K.C., a Liberal member of the Legislature; he returned in time to speak at two evening meetings in Vancouver where he and Mr. Calder exchanged halls and each spoke to both gatherings. There were great crowds present and thousands of visitors in town, with 6,000 people, it was stated, unable to get in at either the Hotel auditorium or the Allen Theatre where the meetings were held. The returned men in Vancouver were of a politically agressive type and they introduced an element of discord, with many questions, but in the end joined in the cheers given to the speakers. The Premier received a series of written questions to which he first gave attention.

Regarding the Soldiers' Settlement Board, he said that $76,000,000 had been spent and 50,000 returned men passed through the books with 45,000 accepted for the land and 27,000 of these located; the failures were not 4 per cent. As to the training: "92 per cent. of the instructors are returned men and most of the students can and do compete with skilled artisans." Replying to the question of whether a cash bonus would not be wise and right to help the returned soldiers establish themselves, the Premier replied as follows: "My answer is frankly No! Our experience does not show it. We have already distributed $164,000,000 in that way and I am against any further cash bonuses. But if we can still further help the men to help themselves, we are ready to do it." As to the Tariff, Mr. Meighen declared that his policy was the same in British Columbia, or Ontario, as upon the Western prairies: "We stand for a Tariff based on the principle of protection. Not the kind of protection that will fleece the many for the benefit of the few, but for protection just sufficient to enable Canadian industries to operate in this country, to make Canadian goods for Canadians, to employ Canadian labour and to build up a Canadian market. There are some who tell you that I am a high protectionist. I challenge such people to quote you any word of mine, either in Parliament or out of it, either in public or private, that will support such a claim. There is no question about where we stand. We stand clearly and definitely for a tariff adequate for the needs of Canadian industry; simply that and nothing more."

At Victoria on the 30th, Mr. Meighen and Mr. Calder were given a hearty reception with a formal Address presented by Mayor R. J. Porter as that of Vancouver had been accorded by Mayor R. H. Gale; in reply to a reference to the Empire, the Prime Minister declared that in no future success which he might achieve would he fulfill his duty were he "in any measure to fail in maintaining the bond of allegiance." The mass-meeting at the Theatre and an overflow meeting were equally crowded; in his speech Mr. Meighen first dealt with various charges made by Mackenzie King. He could not well be arbitrary, as was asserted, because he depended upon a Parliamentary majority and declined to rule by minority wishes as the Opposition leader apparently desired; his own selection as Leader was made by caucus decision, as under different forms, were all the past Canadian leaders except Mr. King himself; the G.T.P. legislation had been open to Parliamentary amendments and Opposition suggestions.

As to sugar, the Premier stated that the refiners had appealed to the Board of Commerce for permission to sell on a basis of what it would cost to purchase raw stocks *plus* cost of refining, *plus* a margin of profit. The Board had refused, holding to the actual cost of the raw materials already purchased, *plus* cost of refining profit. When the refiners had asked the Board what they would do when the prices declined, for then they would have to sell on the basis of price paid for raw stocks, the Board had recognized there was some point to their argument and intimated that they should continue to sell on the basis of exact cost and, when the time came that prices were declining, the Board would do something to meet the situation. Hence lower prices for sugar during most of the year in Canada than those prevailing in the United States; hence the saving of $20,000,000 to the Canadian consumers; hence, also, the inevitable losses to the refiners when the drop came and the action of the Board of Commerce which the Government had dis-allowed.

Major Lee Redman followed and then Mr. Calder welcomed the re-awakening of party interest and feeling. He spoke of the charge that the Government had the capitalists behind it: "The things that the Government has done disproves all this. We adopted direct taxation because it was necessitated by war debts. Some think that Income should have been taxed heavier. Let me tell you that Canada has the largest tax on big incomes of any country in the world. Until the last Session Canada had the highest Business tax in the world and I'm not sure if we have not still the highest. At first we had a 4 per cent. tax on the net incomes of all corporations. The second year we increased this to 6 per cent., and last year we raised it to 10 per cent." Following the Victoria meetings the Premier and his party visited the following centres—first in the interior of British Columbia and then in Alberta, Saskatchewan and Manitoba—with an Eastern termination in Ontario:

Nov. 1.	Chilliwack,	British Columbia
" 2.	Greenwood,	"
" 2.	Grand Forks,	"
" 3.	Summerland,	"
" 3,	Penticton,	"
" 4.	Kelowna,	"
" 4.	Vernon,	"
" 5.	Kamloops,	"
" 8.	Lethbridge,	Alberta.
Nov. 9.	Calgary,	Alberta.
" 10.	Medicine Hat,	"
" 11.	Edmonton,	"
" 12.	Saskatoon,	Sask.
" 13.	Regina,	"
" 15.	Brandon,	Manitoba.
" 16.	Holland,	"
" 19.	Toronto,	Ontario.
" 20.	Aylmer,	"

At Chilliwack many farmers from the rich Fraser River Valley heard the Premier deal with taxation, the railway problem and the tariff; at Greenwood and Grand Forks and Penticton and Summerland he spoke for J. A. McKelvie, the Government's candidate in a current by-election; Mr. Calder, who had been suffering from a severe cold, spoke for the first time since leaving Victoria, at Penticton; in this great fruit region the

Premier stood strongly for fruit duties and declared that a vote for Mackenzie King was a vote against Protection. At Summerland he attacked the Liberal party's claim to be one of progress: "Did they progress when they opposed the Military Service Act? Were they progressive when they opposed the nationalization of the railways and wanted the country to make big loans to private companies to operate them? Were they the forces of progress when half of them resisted the enfranchisement of women?" Here, and at Vernon and Kelowna, Col. C. E. Edgett, D.S.O., the Opposition candidate, was invited to speak, and did so—putting Protection of fruit in the forefront of his platform and speeches though, as the Premier pointed out, he was endorsed by both the Liberal and Farmer leaders who, he claimed, stood for free fruit; H. H. Stevens, M.P., of Vancouver, also spoke at most of these meetings. Col. Edgett, it may be added, was defeated by a large majority.

In most of these speeches Mr. Meighen made a reference to the "big interests" charge so frequently and vaguely flung at him; at Kamloops, as elsewhere, he said that big business needed to be controlled and watched more carefully than small business because it was more powerful, but there must be big industries for the benefit of the public at large, for cheaper production and for more economical distribution. During this part of the tour, both the Premier and Mrs. Meighen took flights in seaplanes and tested their use in surveying the vast timber resources of the Province. At Lethbridge Mr. Meighen faced the difficult and vital subject of Irrigation—something all Southern Alberta was deeply interested in and which undoubtedly would have changed many votes had his decision been favourable to current plans of a Federal guarantee of bonds. He declined and declared the project a Provincial one; "The Provincial Government has brought in eminent engineers to investigate the survey work done by the Federal Government and has proved the proposed scheme to be founded on a sound basis; therefore, the Province can go ahead with confidence."

When the Premier reached Calgary on Nov. 9 the Staff Correspondent, in a despatch to Eastern papers, said: "Mr. Meighen has been having a strenuous time of it these last three weeks, and once or twice has shown the strain of making four or five, and once as many as seven speeches, in one day. But he seemingly has an unbounded store of energy in his rather spare frame and is able to quickly get himself on the best of terms with his audience." In this Railway centre he dealt at length with Nationalization and its problems; "I don't want to hold out the hope that the Canadian National Railways will be on a paying basis for a long time to come. A great portion was built not in the belief that it was a business venture, but for colonization and other purposes. A large portion of it was built through territory that cannot for many years offer traffic sufficient to make it pay interest on its cost or even approach to paying the cost of the operation of the road itself. So far as the Government is concerned, we would be millions of dollars ahead only to let the rails rust, the grass grow between the tracks and the trees grow in the depots; but that is not good Canadian policy; that is not facing the thing with a strong heart."

As to the C. P. R. he said: "While that System is owned and operated as efficiently as it is, it will stand as a model for the National Railways in many ways and will constitute a rival railway for them that will do the management of the Government roads good and, therefore, it is better the way it is than included in any Government system at this time." At Medicine Hat the Premier and Mr. Calder addressed a crowded meeting in the local Methodist church. Here he stated that: "Patronage in the Federal service is gone. If you have any doubt just try to exercise pull to get anyone into the Service or sell, for instance, some land to the Land Settlement Board and see if it does you any good. We alienated the sympathies of a lot of real estate men in making it a punishable offence to collect any commission on land selected under the Soldiers' Settlement scheme." To a request to take the duty off sugar, Mr. Meighen replied that the Canadian sugar refineries would be put out of business, producers of sugar beets would lose their market and the Canadian public would be at the mercy of the United States refineries, over whom the Canadian Government would have no shadow of control. On the way to Edmonton, brief stops, as usual, were made at stations and speeches delivered to waiting crowds—notably at Red Deer and Lacombe.

Two of the churches at Edmonton were packed on the 11th to hear the Premier and, after a reference to the Union Government, he said: "The Government of Canada today is a continuation of that Government in principle and policy which the people elected in 1917 and it is ridiculous to say that the national Government today has no mandate from the people to carry on, and are usurping authority. I am unable to understand the vague allegations about usurpation of power. I don't know what they mean. Any Government in the British Empire cannot last an hour after it loses the support of Parliament, for Parliament is in supreme control of the situation . . . . The trouble with some of these people who cry out against usurpation of authority is that they mistake the will of the minority for the majority." Mr. Calder spoke at length and, amid some interruptions, upon the record of the Union Government. As to the Tariff, the average rate of duty was lower than in 1911 or in 1896 and so with duty on farm implements which stood at 20·2 per. cent. in 1911, at 17 per cent. under the Reciprocity proposals and at 14·6 per cent. in 1919. Most of the "big interests" talk was pure politics. The modern tendency was to combine capital, and he was of opinion that laws should be framed to safeguard capital and encourage enterprise if we were to get development and the progress desired. The Women of Edmonton gave a reception for Mr. and Mrs. Meighen.

At Saskatoon the 3rd Avenue Methodist Church was crowded to hear the Premier and Saskatchewan free-trade belief caused many interruptions to Mr. Calder when he dealt with the Tariff amongst his old-time supporters of Provincial days. He declared that three years before he did not understand the tariff question as well as he did at this time for the reason that he had never had occasion to study it. The Premier quoted Messrs. Crerar and King at much length and asserted that one half of their campaign was devoted to denouncing Protection and the other to asserting that they did not want Free trade. The address which followed was a close analytical study of fiscal issues commencing with the statement that: "Every tariff is a revenue tariff, but it all depends on whether you emphasize the free trade or the protective principle. If you follow the Free trade principle you collect your revenue upon goods that you don't make in your own country. If you follow the Protective principle you collect your revenue on goods you do make in your own country, and thereby protect the goods you make at home."

In the re-making of the Tariff, the investigations of the Tariff Commission would be followed: "If it shows that the present tariff is too much, that tariff will be reduced. If it shows that it is insufficient to retain in this country an industry we must have here and ought to have here, to make goods we need here, and can make here, then what is necessary to keep that industry here will be given, and no more will be given." Industries built up for, and with the capital of nine million people could not compete and never would compete with those built for 100,000,000 people and maintained by their enormous capital and protected market. An interesting incident occurred when Mr. Meighen had spoken for two hours, and announced that he would like to speak another half hour but did not think it fair to the crowd; they applauded almost as a whole and practically forced him to go on for 40 minutes more—with about one-third of the audience standing.

At Regina on Nov. 13 special interest attached to Mr. Calder's speech, as having so long been a member of the Provincial Liberal Government with its Free-trade affiliations. "For years we fooled ourselves on this Tariff question," he told the audience, "and I was just as bad as the worst of you; we talked about abolishing the tariff and we never stopped to ask ourselves what abolition of the tariff would mean; more than that, we proclaimed ourselves as supporting tariff for revenue only and all the time we were supporting a Government at Ottawa that maintained what was really a protective tariff. In a word, we were supporting Protection and professing Free trade. You ask me where I stand to-day. In reply, I tell you that I have honestly come to the conclusion that Free-trade in this country would annihilate us industrially—it can never be. That does not say that I am a high protectionist. I am not. I simply stand for the maintenance of a tariff that is lower to-day than it was during the whole of the 15 years that the Government which you and I supported and fought for was in power."

The Premier reiterated a statement made on various platforms that the Farmers' party in the House, always had refused to accept a challenge to move the adoption of their Platform: "They don't want to put their Liberal friends in the position of having to vote against it. Do you imagine, for instance, you could get Mr. Fielding to vote for free coal? Why, the Liberals would not move the adoption of their own Platform. They can't get their men to vote for that, even." At Brandon Mr. Meighen discussed the proposed Land Tax to take the place of Tariff revenues and declared that if there was one thing in the world that would be irritating, injurious and burdensome on the farmers of Canada it would be such a tax by the Federal Government. The cost of collection would be so tremendous, and disputes would be so great, that he doubted if as much money would come into the treasury as would have to be poured out. The address at Holland in Manitoba (Nov. 16) concluded the Western tour proper and, from a personal point of view, there could be no doubt of its success.

Great crowds in a limited population, and in districts supposed to be in strong opposition to his Government and fiscal opinions, had heard and cheered the new Premier; Government papers in the East believed that a breach, at least, had been made in the Farmers' fortress of Free-trade principles. The chief Opposition view was perhaps expressed by the Manitoba *Free Press* (Nov. 18) which at this time was rapidly leaving its Unionist moorings: "Throughout this whole Western tour he declined to speak upon the question of natural resources, which is a matter of prime importance to the Prairie Provinces. He ignored the wide question of our Empire and world relationships, although they press for consideration, and the people of Canada are in great need of enlightenment and leadership. He did not deal with the important matter of increased railway rates until his last meeting at Holland, when he made a statement which by no means covered the situation."

On Nov. 19 the Prime Minister was in Toronto accompanied by Mrs. Meighen and Mr. Calder, *en route* from Winnipeg. Massey Hall was packed and crowds outside could not gain admittance; J. R. L. Starr, K.C., occupied the chair, and J. Harry Flynn, the local leader of the dissatisfied returned soldiers, was represented by some stormy supporters; Mayor Church and Hon. Hugh Guthrie spoke briefly. Mr. Meighen first replied to a number of queries from the soldiers—one interesting statement being that the Government had over 27,000 returned men in its employ. He then expressed a general thought: "The Canada we live in now is a larger and better Canada than it was before the war. In all the fundamentals we are a greater country. We have broadened the area; we have increased the diversity and multiplied the volume of our production. We have enlarged our population, expanded the capital of our industries, uncovered new resources and strengthened the foundations of our trade. The flag of our country is carried on our merchantile marine to the ends of the earth and Canada is known everywhere." The following statement as to Canada's national position was clear and compact:

> Our place in the family of nations is what at the present time we want it to be. It suits the measure of our development as a British Dominion. It meets the aspirations of all who love the Empire, of which we are a part, and see in it the world's best hope. That means it accords with the desire of an overwhelming majority of the Canadian people. We have the right of a full-statured nation within the British Empire, and that is the best lot I know of. We have a distinct voice in the League of Nations comporting with our individuality as a nation and our importance as a country, and we are now living true in loyal service to the League we have joined. Our share in the relations of the British Empire to the rest of the world and our responsibilities as such will be, as time goes on, more and more clearly recognized and defined.

He repeated the Tariff arguments and definitions, used in the West, declared that the Liberal platform of 1919 had not mentioned the word Protection while that of 1893 had denounced "Protection and all its works," repudiated, as he had done at Sherbrooke, the *Globe* reference to an alleged speech in which he attacked the French Canadians and again challenged that paper to give place and date. He declared the Farmers and Liberals were united in working against the Government and Protection —though the latter left a door ajar for Protectionist votes. As to taxation of capital: "We have gone as far as I believed we could and keep capital in this country. We don't want people here or in the outside world to think that this is a country of confiscation. If that idea gets abroad it will discourage men of enterprise and means from coming here and going ahead with development. It will retard the growth of Canada."

On the following day the Premier was at Aylmer in East Elgin and spoke to a large audience, and an overflow meeting, with the hope—which was not realized—that the Government would be able to hold this constituency in the current by-election. He urged the real issue to be the Tariff and regretted that it had been side-tracked: "Great efforts are made to make the people believe that the Governmnt is out of sympathy with the common people and that it is the creature of the big interests. I belong to the common people, myself, and I greatly resent the insinuation that I am allied with any interest but the great interest of the best service which I may render our glorious country. It is not the work of a good Canadian to raise prejudice against the big business interests of the country. If these business interests were destroyed, of what good would our great railways be? The great Canadian Pacific Railway is a credit to the Dominion and, indeed, the success and growth of the country is due in a very large degree to that 'big business' enterprise."

Liberal Policy in 1920; Mr. Mackenzie King's Speeches and Western Tour.

Like the new Prime Minister, the new Leader of the Liberal Party in this year was a comparatively young man; he proved, during 1920, to be aggressive in debate and conciliatory in political matters when that policy seemed desirable; he delivered many speeches on many occasions and, like Mr. Meighen, made a tour of the West. In the House he had the experienced advice and judgment of Hon. W. S. Fielding, the oratorical support of Hon. Rodolphe Lemieux, the active aid of Ernest Lapointe who, during this year, continued to gain in popularity and influence amongst his compatriots of Quebec, the backing of D. D. McKenzie, F. F. Pardee, Hon. Charles Marcil, Hon. Jacques Bureau and others who had risen, or were rising rapidly, in the appreciation of their party.

The personality of the Liberal leader was genial and forceful and, in his tours of the country in 1920, he undoubtedly found a new place for himself. His work, as Deputy-Minister and Minister of Labour in the Laurier Government, had not brought him into continuous touch with the people; his later and important work with the Rockefeller Foundation had enabled him to still further master economic and labour problems but had not been of a popular nature; he had made his mark in scholarship with an M.A. and PH.D. to his credit as well as in administration and authorship, and in politics up to a certain point. The important matter in 1920 was the development of his personal touch with the people.

On Jan. 6 Mr. King was welcomed to Newmarket, for the first time since his defeat in North York in 1917, and delivered a political speech along lines which may be briefly summarized. After a reference to the public services of Sir Wilfrid Laurier and the justice which now should be done to his memory by a united party, he added: "The Liberals who stood with Sir Wilfrid in 1917, if they are to be true to the first principles of Liberalism, must be as ready to accord sincerity of purpose to those who differed from them as they are to demand like attitude toward themselves." He then denounced the action of Sir William Hearst and Mr. Proudfoot in prolonging the term of the late Ontario Legislature as "without justification on constitutional grounds," described the present Liberal leader in the Province as opposed to that compact and declared the defeat of the Hearst

Government as largely a victory accomplished by Farmers and Liberals who worked, in most constituencies, in whole-hearted combination. This point he emphasized as follows: "As Liberals, we mistake altogether the significance of these Agrarian movements if we do not see in them evidences of Liberal thought and feeling on the part of those who are advocating and supporting their policies." His following definition of Liberal principles was interesting:

> Liberalism is to me the expression of a wider human freedom, whether it be for those who work in the country on the farms, or in the cities and towns in the shops and factories; whether it be the well-being of women and children that is at stake in the home or elsewhere, or the lot of men in the struggle with their several environments. What the workers in one form or another are seeking is what we, as Liberals, have all along been speaking of as more in the way of equality of opportunity. If that is not part of Liberalism, then Liberalism has ceased to exist.

Referring to the Farmers, Labour and War Veterans in their different movements, he said: "War has shown what can be accomplished by co-operation and sacrifice. If we can carry the spirit of co-operation and sacrifice into this period of reconstruction, we have nothing to fear. If, on the other hand, each element in our national life is going to go its own gait, unwilling to join hands with other groups that share like aims and aspirations to its own, if each separately intends to aim at domination in national affairs, then we may look for a prolongation of the period of confusion and in the end retrogression rather than advance." After pointing out the dangers of class antagonisms and class struggles, the Liberal leader called upon all to unite within the Liberal ranks and thus achieve the more desirable of the ends they had in view: "Parties are necessary, useful and likely to endure. To what better party can those of Liberal views look for a fulfilment of their desires than to a party that is Liberal in name as well as in aim, and which has a century of Liberal traditions to hold it loyal to the highest principles and to spur it on to yet nobler achievement." He then denounced the Union Government and a coalition system which "leads only to compromise, subterfuge, and inaction" and concluded with an appeal for support in the next Elections as being a grandson of the one-time representative of York—William Lyon Mackenzie—and as fighting in the present a "more arbitrary and autocratic rule" than ever the early Reformers opposed.

This opening speech in the year's campaign was generally approved by the party press and the Toronto *Globe* (Jan. 8th) dealt with one point as follows: "There is so much in common in the platforms of the Liberal party and of the great Agrarian movements springing up all over Canada that it would be deplorable if the Progressive groups were to fight one another instead of combining against the common enemy entrenched at Ottawa. . . . Mr. King must be aware that the Liberal party, as a party, will not go back to Ottawa strong enough to form and sustain a Government opposed by the Farmer and Conservative groups. There must be, therefore, between official Liberalism and the great progressive forces of the West, which are fighting for Liberal principles, a *rapprochement* in policies, if not in organization." With Ernest Lapointe, M.P., Mr. King was at Halifax on Jan. 12 and addressed two large meetings. After some general references he dealt first, and at some length, with the Agrarian movement which he described as the natural and expected result of the defeat of Reciprocity in 1911 and as being accelerated by the "blank indifference" of the Government to the 1918 petitions of the farmers regarding Conscription: "In so far as these movements are in the nature of protest against arbitrary behaviour on the part of the Administration, and are evidence of determination on the part of those engaged in agriculture to secure a wider measure of economic freedom, there can be only one attitude toward them on the part of all true Liberals, and that an attitude of whole-hearted approval and co-operation in an endeavour to obtain reforms already too long delayed."

He reiterated his view that Labour as well as the Farmers had close affiliation with Liberalism: "Speaking for myself, my interest in industrial problems is bred by my Liberalism. I can think of the problems of industry only in terms of humanity. Liberalism is to me the expression of a wider human freedom." He spoke strongly in defence of the Party system: "A great political party has a significance scarcely dreamed of by many who to-day appreciate too little what continuity of effort in a great cause means in the maintenance of freedom, and in the ultimate achievement of victory. The existence of permanent parties can alone give a guarantee of caution in adopting, and perseverance in advocating, policies and proposals. It assures, better than any other means can do, a full consideration of difficult problems, and safeguards the country against the hurried adoption by Parliament of ill-digested measures."

As to the rest: "I am relentlessly opposed to Government being controlled, visibly or invisibly, by railway, manufacturing, or financial interests. I am not less opposed to a monopoly of control on the part of any other of the essential elements of our national economy, be they farmers, labour, war veterans, or the newly enfranchised female voters." Not very much was said of the Tariff, and that was very moderate in terms, with a policy of carefully-considered changes," which will have the effect of stimulating and increasing production, and of removing such artificial barriers to legitimate trade as cause prices of the necessaries of life to be unduly enhanced to consumers." Reciprocity with the United States in natural products was also referred to as a part of the Liberal policy. Mr. Lapointe, D. D. Mackenzie, H. J. Logan, K.C., and E. M. Macdonald, K.C., also spoke. Mackenzie King was in Charlottetown on Jan. 14 and in his own constituency; he addressed two crowded meetings along the lines of his Newmarket and Halifax speeches and was followed by Mr. Lapointe.

A luncheon was tendered him with 100 representative men present including the Premier and members of the Legislature and he announced the intention to contest North York at the next Election; at Summerside he held a conference with his constituents and received delegations from various parts of the Island making requests for a branch line of railway, dredging of harbours and other improvements, all of which he promised to bring to the attention of the Government. At St. John on the 16th Mr. King addressed a crowded meeting with representatives present from every county in the Province and with the Provincial Premier, Hon. W. E. Foster, in the chair and many of his Ministers present on the platform. In his speech, the Chairman said that the Union Government had been elected by the aid of Liberals on the understanding that when the War was over it would go to the people; by holding on to power it was denying the people their rights of representation. Here Mr. King reiterated his statement that Liberals supporting Union Government during the War were just as sincere and honest as those opposing it and promised, when returned to power, to give Labour two representatives on the National Railways Board; he declared that he and his party would always fight for Canadian unity and British liberty.

At Montreal on Jan. 19 he addressed a Reform Club luncheon, reviewed his Maritime experiences and statements and argued that the Farmers there were satisfied with the Liberal party and that, in Ontario and the West, the movement would, finally, harmonize with the Liberal doctrines of lower tariff and limited reciprocity with the United States. To the Ottawa Retail Grocers on Feb. 12, he dealt chiefly with the Tariff: "My own conviction is that it is possible so to reform the Tariff as to not only diminish the high cost of living but also to reduce the cost of the instruments of production generally." An "immediate downward revision" on foodstuffs and agricultural implements was his policy.

During the ensuing Session of Parliament the new Leader took an active part. To the Address (Mch. 1st) he moved an amendment declaring that the new conditions of the time were not being adequately met by the Government: "The regrettable, protracted absence of the Prime Minister, the widely accepted belief that it is not his intention to return to the duties of his office, the makeshift arrangements for the direction of important Departments to which no Minister has been regularly appointed, the attempt to carry on the public business when the three Maritime Provinces are entirely unrepresented in the Cabinet—these and other things operate to produce a condition of uncertainty and instability from which a vigorous and efficient administration of the Dominion's affairs cannot be expected." The Resolution went on to say that "the only effective remedy is to be found in an appeal to the electors at a general election;" that, therefore, the promised Franchise Bill should be brought in at once and given precedence over all other business; that upon the enactment of such a measure as might be necessary, and the making of temporary provisions for the urgent public service there should be "an appeal to the people at the polls."

The address which followed was essentially one of vigorous criticism of the Government and all its works. He declared the Ministers incompetent, the Government not representative of the people, Quebec as having no proper place in administration; he urged a general election and restoration of popular rights and Parliamentary government and a revision of the Tariff; he denounced the War Times Election Act as "one of the most infernal pieces of legislation which was ever perpetrated." The Resolution was defeated on Mch. 9 by 112 to 78—a reduction in the Government's majority of 71 after the 1917 Elections to 34. A personal incident followed this debate. At a meeting of the Montreal Progressive Club on April 5th, John McNaughton, a local lawyer, and Dr. F. W. Gilday had criticized the Liberal leader in a personal and unpleasant form. The former charged him with deserting Canada during the War for the Rockefeller interests and as still being associated with the Standard Oil and the latter stated that he should have volunteered for active service but had preferred to work for Mr. Rockefeller and was still entangled with his affairs.

On April 20 Mr. King rose in the House and, by concurrence of the Government leader, made a long personal explanation. The above statements he first declared to be "absolutely false in fact and misleading in inference"; they constituted a slander and, as published, a criminal libel. He thought, however, they were based on ignorance. His explanation may be briefly summarized. He had not resided in the United States during the War but for 20 years had lived in Ottawa and for 10 years past had rented apartments at the Roxborough. His relations with the Rockefeller Foundation were not business or commercial ones nor was that institution a business or commercial enterprise; it was a philanthropic work and described in its Act of Incorporation as "for the purpose of receiving and maintaining a fund or funds and applying the interest and principal thereof to promote the well-being of mankind throughout the world."

During the War its activities were for the most part in the nature of co-operation in war-work and this work he described at some length.

As to himself: "My duties in connection with the Rockefeller Foundation were to make a study of the problem of industrial relations with a view to ascertaining if it were possible to contribute in any way toward the solution of that intricate and world-wide problem" and these duties had been assumed before the War commenced. After careful deliberation he had determined, when the war broke out, to continue the work for two reasons—(1) the family one which he dealt with later and (2) because the war had not proceeded very far before it became apparent that victory depended upon the successful co-operation of capital and labour in the industries that were engaged in the production of munitions and in the furnishing of war supplies and materials—as well as upon the heroic efforts of the men who were fighting at the front. The result of these studies was his book called *Industry and Humanity.* He also quoted at length from an article by Dr. J. A. Macdonald, late of *The Globe,* and letters from others describing his work in re-organizing the mining industry of Colorado and bringing capital and labour together; he proved that many other great war interests had sought his help in effecting industrial peace—the Bethlehem Shipbuilding Corporation, the General Electric, the International Harvester Co., amongst others.

Upon the domestic part of his responsibilities he touched lightly. Shortly before the War his father was stricken with blindness and his brother in Ottawa was suffering from tuberculosis and spent most of his time in a sanitarium—later on taking up his permanent residence with his family in Colorado; in 1915 his unmarried sister in charge of the parents died and in 1916 his father passed away; then his mother came to live with him in Ottawa and, until her death in 1917, was critically ill for about a year. Such, in brief, was Mackenzie King's defence against the inevitable question as to the part which he, as a bachelor and comparatively young, took in the War; his concluding word as to doing his duty "as God gave it to me to see my duty at that time," evoked applause from both sides of the House.

As the Session went on Mr. King took part in many matters. He led an active struggle, on May 27, against the proposal for Saturday and morning sittings on the ground that it was impossible for conscientious representatives of the people, bent on the accomplishment of the people's business, to give clear and adequate consideration to work, sitting six days a week, morning, afternoon and evening; he took an active part in the numerous debates on the Franchise, presented various amendments and obtained some changes; on June 1st he delivered a three-hour speech on the Budget in which he described it as intended to protect the profiteer and not the people, denounced the expenditure of the past fiscal year as adding a million dollars a day to the National Debt, argued that the Taxation proposals would encourage the manufacturer of shoddy goods and urged that the duties be taken off the necessaries of life and the instruments of production; on June 14 he denounced Mr. Ballantyne's Navy proposals as extravagant and the inauguration of the Naval programme, without consulting the House, as improper and, on the 26th, moved to strike out of the Supplementary estimates the sum of $1,700,000 and limit the amount to the original $300,000 vote. This was rejected by 51 to 310.

After the Session it was announced that Mr. Mackenzie King would visit a number of points in Ontario during August and proceed to the West in September. He had, meanwhile, addressed the Ontario Women's Liberal banquet at Hamilton on June 11: "We, as Liberals, appeal to the women of Canada to spread the gospel of a greater freedom and a larger spirit of good-will, that out of the ruins of the world lying shattered at our feet may come a resurrected life in matters political, industrial and social, to meet the sacrifices of our noble men, who laid down their lives for mankind." In the *Manchester Guardian,* the organ of advanced British Liberalism, he had an article, reprinted in the Edmonton *Bulletin* of July 9, which reviewed the history of his political faith in Canada and declared that Liberals there demanded "substantial reductions in the burdens of customs taxation;" he re-affirmed the belief of his party in the value of the Reciprocity agreement negotiated with the United States by the Liberal Government of 1911. Liberalism was in favour of graduated taxes on business profits, income and luxuries.

At Newmarket on Aug. 7 Mr. King addressed a large gathering and was followed by Hon. R. Lemieux. The Liberal leader took pride in the form of his election by a Party Convention as compared with the method adopted in the choice of Mr. Meighen: "It is true a new leader has been selected, a new platform announced, a new name assumed; but in none of this has the voice of the people or their representatives assembled in Convention been anywhere heard." Mr. Lemieux declared Free-trade not to be an issue in Canada—"the tariff should be one for revenue only and not for the protection of industries." Mr. King was at Stouffville on Aug. 10 and Paisley on the 12th; at the latter place he was supported by H. H. Dewart, M.L.A., and F. F. Pardee, M.P., and on this occasion vigorously denounced the Railway nationalization and Grand Trunk policies as arbitrary and forced upon the country without popular consultation or approval. Such a large and vital policy should have been approved at a general election.

As to the G.T.R. acquisition even Parliament did not know until the matter was nearly completed that such a hugh responsibility was to be assumed; it was passed with "indecent haste" at the end of the Session of 1919. He claimed that autocracy was displayed in these things, in the creation of the Merchant Marine at a cost of $70,000,000, in the appointment of the War Purchasing Board by Order-in-Council, in the Naval votes and in many other matters. The Liberal leader addressed a great picnic of 5,000 supporters at the Toronto Island on Aug. 14 with Hon. H. S. Béland and H. H. Dewart and Sir Allen Aylesworth. Amid ringing cheers he declared that "no Government has a right to carry on the affairs of this country which has not submitted to and received from the people approval of policies framed with reference to the future and not to the past;" he compared the Meighen policy with that of Sir W. Laurier and his appeal to the people on the Reciprocity agreement, and demanded economy at this juncture in expenditures on Naval, Military and Police matters. The question of Tariff was dealt with as follows:

> We believe that the time has come, indeed, that it is already long past, when a downward revision of the tariff is necessary. In this revision we believe that there should be substantial reductions of the duties on the necessaries of life; in other words, on those articles which go to make up the food, the clothing, the shelter of the Canadian people; that certain specific articles required for the purposes of consumption and other articles essential to production should be placed upon the free list, and that in regard to the instruments of production in the basic industries of agriculture, mining, lumbering, and fishing, there should also be a substantial reduction of duties. It is not a question of free trade or protection. With the revenue which will be required for years to come there will be required large sums of money which, of necessity, will have to be raised by indirect taxation through a Customs tariff. In revising the tariff to this end, care will be taken of the position and needs of all the industries in our country; but such tariff as may be necessary in this connection will be, under Liberal policy, a tariff for consumers and producers, and not a tariff to further the interests of combines, monopolies, or of any special or privileged classes.

On the 16th Mr. King was at King City in North York and reiterated his policy as not free but freer trade; at Aurora on the 19th he promised to move again at the next Session for a general election; at Milton on the 20th he was accompanied by A. R. McMaster, K.C., M.P., and W. D. Gregory, and declared that Mr. Meighen should have at once gone to the country; at Guelph (Aug. 21) Mr. King described the Government as made up of a group of autocrats who wanted to usurp the powers and privileges of the people, and characterized any appointment of a Canadian representative at Washington, involving an expenditure of $80,000 a year as an autocratic and dangerous move; at Renfrew on Aug. 26 he spoke of an "invisible Government" composed of financial interests behind the nominal rulers of the country; at Brockville on the 28th he urged Farmers and Labour to rally to the ranks of the Liberal party on the plea that it would be better for democratic forces of all classes and shades of opinion to unite against what he termed reactionary Toryism. Here he was followed by Hon. G. P. Graham and Hon. Jacques Bureau.

Mr. Mackenzie King commenced his Western tour at Victoria, B.C., on Sept. 28; with him and amongst the speakers were Mr. Premier Oliver, William Duff, M. P., and Ernest Lapointe, M.P., while nearly all the members of the Provincial Ministry were on the platform. The Leader started by describing this as a period of transition; he expressed a fear that the War had made the rich richer and the poor poorer; he considered the present situation one in which there were forces of might and greed and power on the one hand, and forces of ampler freedom on the other; he urged once more, and throughout his tour, a General Election on the ground that the Government had no mandate from the people. He repeated his Eastern fiscal declaration: "We believe that the time has come, indeed, that it is already long passed, when a downward revision of the tariff is necessary."

At Vancouver, on the 29th, Mr. King was presented by the Liberal Women's Association with a gold-headed walking stick made from oak timber of the *Beaver*—the first steamer to reach Vancouver from England. His speech was similar to that at Victoria. On Oct. 2nd he was at Prince Rupert and told a mass-meeting that the high cost of living was a world-wide question, it was a natural product of the War's aftermath and he counselled economy and increased production. W. C. Kennedy, M.P., and Hon. H. S. Béland also spoke. On the way from this coastal centre to Edmonton Mr. King addressed waiting crowds at several points. At Edmonton (Oct. 6) the chair was occupied by Mr. Premier Stewart and Hon. J. R. Boyle of the Provincial Government presided at an overflow meeting. Thousands of people were unable to hear the speakers and delegates were present from all parts of Northern Alberta.

Here the Liberal leader, after discussing at length the democratic basis of Liberalism and of his election as leader of the party and denouncing the alleged autocracy of the Government forces, urged a more economical administration and described the Government as extravagant—producing many figures with which to prove his point. He then proceeded to urge a tariff policy based upon the platform of his party as laid down at the Ottawa Convention of 1919*: "What was sought at the Liberal Convention by those who were sent as delegates from all parts of this Dominion, was not a policy which would represent the extreme view of any section or of any class in the

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*Note—See *The Canadian Annual Review* for 1919. Proceedings of Convention.

Dominion but a policy which would be fair in its consideration of the interests of the people of Canada as a whole." He traced a great similarity between the Liberal and Agrarian party policies: "They are alike in that they stand for freer trade, not for free trade; they are alike in that they aim for freedom rather than restriction in matters of trade; they are alike in that they would rather reduce than increase the burdens of taxation which are imposed upon industry and upon the people by a customs tariff."

He approved a policy of income taxation, of taxation of profits and luxuries, declared that no system of direct taxation could be worked out in a day, and that these sources of national income must be supplemented by a revenue derived in some measure from a customs tariff; "We believe that the Tariff as at present existing needs revision, and that in this revision we unquestionably would wish to be guided by due regard to the position and legitimate needs of all branches of our national industries; we feel that a downward revision of the tariff and, in some instances, its complete elimination should be immediately effected." Abolition of profiteering was described as a plank in the party platform and James Murdoch's statement re the Board of Commerce was fully quoted. He criticised the railway policy of the Government:

> Government ownership had its origin in a protest against the monopoly of control by capital of business enterprises. To set up for one monopoly of control another monopoly, equal if not more objectionable, is of little or no advantage to the country, no matter by what name it is called.

Mr. King concluded by advocating larger representation in the Commons for farmers, labour, returned soldiers and other classes, with " a union of all progressive forces" against the Government: "We believe only by such union can these great aims be saved from frustration at the hands of an all-powerful enemy, which seeks to maintain its position of privilege and monopoly in the control of Government." On Oct. 7 a banquet was tendered the Liberal leader and his colleagues, with Mr. Premier Stewart in the chair, and a large number of the Legislative members present. A notable speech was made by Hon. Frank Oliver who toasted the Empire as "the bulwark of liberty in the world of the past, in the world of to-day and the world to be." Mr. King stated that his mission in the West was mainly to speak to progressive groups such as farmers and labour—for to them Liberalism had no antagonism. There should be unity in action to oust the autocracy in Ottawa, the common enemy. He made passing reference to a much-discussed question: "We must see that the Western Provinces get their resources." In the afternoon a large gathering of Liberal women presented the Leader with a gold tie-pin made from Saskatchewan River gold.

A meeting at Camrose (Oct. 8) followed and here Mr. King made this reference to the Farmers' party: "We are in the West to confer and reason with these groups as forces which hold similar beliefs and have similar objects and which we can only realize by common action and national unity in the warfare which must be waged against the Government of absolutism and autocracy at Ottawa." The party was at Wetaskiwin on the 9th where Mr. King, for the first time, mentioned certain details in his Tariff references: "We demand a revision downward, certain classes of articles to be substantially reduced, such as food, clothing, boots and shoes and other articles which enter into the home." A cordial welcome was given the leader at Calgary on the evening of the 9th and at a great mass-meeting on the 11th a new point was made by Mr. King as follows: "If the finances of the country are such that, in the judgment of the Government, they will permit of large outlays for military and naval expenditures, there can be no truth in the statement that the finances are insufficient to admit of more being done for the returned soldiers."

Though the speech was, in the main, similar to others delivered in Western centres, Mr. King was more vehement in his references to the "powerful interests" which, he said, had made Mr. Meighen Prime Minister: "They are powerful enough to enable the Premier, with their backing, to usurp the powers of government in this country and to defy the people in their just rights of political control of their own affairs. They constitute the real Government in this country to-day, the invisible government of the big interests, of which Mr. Meighen and his Cabinet are but the visible embodiment." He compared the 194 Armouries and drill-halls owned by the Government with their 25 Experimental farms as an argument against Militarism; he reiterated the claim that the existing Railway policy was not public ownership in any real sense. Mr. Lapointe and Mr. Duff also spoke.

From here Mr. King returned to British Columbia and visited the centres of the Interior districts and, especially, of Yale where a by-election was in progress. He was at Revelstoke on Oct. 12 and Kamloops on the 13th, and replied to some of Mr. Meighen's recent tariff arguments: "Mr. Meighen is determined to make the issue on the Tariff question one of protection *vs.* free trade. Unfortunately for Mr. Meighen and his friends, there is no political party in Canada prepared to join issue with him on this ground. The Farmers are demanding a downward revision of the tariff which will result in freer trade, but they recognize that free trade is an impossibility and that the tariff, as an instrument for raising revenue wherewith to carry on the Government of the country, will remain a necessary feature of our fiscal system. The Liberal position is a policy of downward revision of the tariff in the interest of producers and consumers. It does not aim at Free trade, but it does aim at freer trade."

At Vernon on Oct. 14 the Liberal leader made special reference to sugar prices and the Board of Commerce as being of interest in a great fruit-growing region; speaking at the moment when the Board had undertaken to keep up the price of sugar for a time, he declared that "the length to which the Government has gone in working the will of the profiteers in the present instance is hardly conceivable;" he emphasized his opinion that the Government was there merely to serve "special privilege and the big interests." He spoke at several other points in the Okanagan and declared himself favourable to the maintenance of a duty on fruit; he was at Cranbrook on the 18th and was at Lethbridge, Alta., on the 20th; a meeting at Medicine Hat followed on the 21st and at Moose Jaw, Sask., on the 22nd, with Mr. Stewart, Provincial Premier, amongst the speakers.

Here Mr. King described this as the time for all progressive elements to unite and declared that had the 16 members from Alberta and Saskatchewan voted for his Tariff amendment the Government would have been defeated in the past Session: "The Farmers' party and the Labour party and the G.W.V.A. and all who stand for lower tariff should sit down together and talk over their common aims like reasonable men." At a Moose Jaw Liberal luncheon all but three of those present had voted the Unionist ticket in 1917, including the Chairman, Hon. W. E. Knowles, Provincial Secretary of Saskatchewan. The Regina meetings on Oct. 25 overflowed all available capacity; Mr. Premier Martin and three of his Ministers were amongst the speakers. Mr. King commenced by demanding a general election and concluded with the specific Tariff declaration that "wheat, wheat flour and all products of wheat, the principal articles of food, farm implements and machinery should all be free from customs duties as well as the raw materials entering into the same; that a revision downwards of the tariff should be made whereby substantial reductions would be affected in the duties on wearing apparel and footwear and on articles of general consumption, other than luxuries, as well as on raw materials entering into the manufacture of the same; that the British preference should be increased to 50 per cent. of the general tariff."

He appealed to the Agrarian interests in this great grain Province: "There is an invisible Government by the Big Interests of this country, Meighen and the others around him are the playthings in the scheme of these great forces." He described the Union Government as a union of lawyers—Rowell, Maclean, Carvell, Guthrie, Mewburn, Calder and Borden; he referred to the possibility of a manufacturers' party in answer to the Farmers group and urged unity in one National party. Here, as elsewhere in the West, the speaker read the Tariff plank of the Liberal Convention of 1919. Saskatoon had a great gathering on Oct. 27 with an interesting combination present in the persons of Onesiphore Turgeon, M.P. of Gloucester, N.B., and his two sons—Hon. W. F. A. Turgeon, Attorney-General of Saskatchewan, and J. G. Turgeon, M.L.A. of Alberta; a meeting followed at Prince Albert on the 28th and North Battleford on the 30th.

Winnipeg heard the Liberal leader on Nov. 1st with Alex. McLeod, K.C., President of the Provincial Liberal Association, in the chair, the Provincial Premier (Mr. Norris) in the audience and an estimated 5,000 people present. On the following day Mr. King addressed 2,000 women; with Dr. Béland he was at Dauphin on the 3rd and at Minnedosa on the 4th; Brandon was visited on the 5th and two meetings addressed at St. Jean on the 6th; the last meeting of the tour was at Yorkton, Sask., and here Mr. King reviewed his Western experiences and stated that questions relating to the Tariff and Railway services and rates were the vital Western issues. During this tour of seven weeks Mackenzie King addressed 27 public meetings, attended innumerable public receptions, spoke to children in the schools and pupils in the Colleges of four Provinces, started road races and opened buildings. He addressed over 100,000 people. On his return to Ottawa (Nov. 22) after an interval spent in Colorado, Mr. King was welcomed home by a large political gathering. As compared with Mr. Meighen's tour, the notable point of difference was that nowhere did the Liberal leader vigorously denounce Protection as such while everywhere the Prime Minister vehemently attacked Free-trade. Both leaders were consistent in their presentation of policy as between the East and West. He addressed a banquet to Sir Lomer Gouin at Montreal on Dec. 16 and one given by the Dominion Commercial Travellers on the 20th.

Meantime, other Liberal incidents had occurred which must be recorded here. An important step was taken in January when Mr. Mackenzie King announced at Ottawa, on the 8th, that John Lewis, an experienced and well-known Toronto journalist would be Editor of the Liberal party literature and propaganda material; at the some time Andrew Haydon was appointed General Secretary of the National Liberal Organizing Committee. In the succeeding months Liberals of all shades of thought outside and inside Parliament, official and unofficial, expressed their views. Mr. Lewis told the Montreal Reform Club on Feb. 14 that "freedom" was his policy and the cure for all evils of the body politic: "If we are afraid of Bolshevism, the best safeguards against Bolshevism are freedom and order and a restored respect for free institutions." Fernand Rinfret, Editor of *Le Canada,* told a Montreal Liberal Association (Jan. 14) that the main feature of the Liberal programme was Canadian autonomy—"the more autonomy there is the closer will be the unity of the Empire." The Hon. Frank Oliver, at Edmonton on May 25, defined Liberalism as democracy in progress: "Democracy is the rule of the majority, but it may not be Liberal and it may not be progress. Liberalism is the rule of the majority combined with justice to the minority." Sir Allen Aylesworth, addressing the Liberal executives of Toronto and York (July 28) described the existing Union Government as a coalition involving the original abandonment of principles on both sides with a present absence of all principle!

During the year the Provincial Premiers nearly all returned to their Liberal allegiance in Federal politics and the new Leader found them in most cases upon his platforms—notably Foster, Martin, Stewart and Oliver; on Aug. 25 Mr. Martin of Saskatchewan stated that the great majority of Liberals would not support the present Government at Ottawa. They had approved Union Government but for the period of the War only. At Regina on Aug. 24 a notable speech was delivered by Mr. Turgeon, Attorney-General of Saskatchewan. He declared that Mr. Meighen's speech on the Budget and his clear appeal to Protectionist thought had made him Premier; he described this Premiership as a "complete renaissance of Toryism" and a revival of the most reactionary Conservative type; he stood, in strong and elaborate terms, for the bulk of the Agrarian tariff policy. W. T. R. Preston, an old-time Liberal organizer and now candidate in Durham, in a speech on Sept. 14, did not agree with his leader's view of the Farmers' movement: "The Farmers' platform specifically calls for the entire abolition of the Customs tariff and stands for free trade, and in respect to that the Liberal party is at issue with it."

At a Liberal meeting in Ste. Martine, Que., Gustave Boyer, M.P., deprecated class government, urged the people not to join the Agrarian movement and asked them what would happen if Labour got control of the Government—labour, which wanted to work as little as possible and get as much as possible! The Hon. R. Lemieux was clear upon this point: "Protection is necessary, moderate protection, and equitably distributed with justice for the producer and consumer." He denied the wisdom of Nationalizing the Railways and described it as a dangerous policy: "I do not see why railways should not be operated by private corporations. I do not see why the G.T.R. should not belong to the G.T.R. Company, and the C.N.R. to the C.N.R. Company. You have an example of the good management which private corporations can give to railways in the C.P.R." At Milton on Nov. 25 Hon. Charles Murphy, M.P., caustically criticized the Luxury taxes and declared that the three great progressive forces in Canada, the Liberals, Farmers and Labour, were working toward a common aim and against a reactionary Government and that there was a working alliance amongst the three groups.

During the year progress was made in erecting a National Liberal Memorial at Ottawa in honour of the late Liberal chieftain—Sir Wilfred Laurier. The necessary money had been raised to a total of $30,000 and architects and sculptors were invited in August to submit designs to the Committee at Ottawa for a simple, dignified monument in Notre Dame Cemetery—not a statue, as this would be erected by the Government on Parliament Hill. The Committee was composed of Hon. S. A. Fisher (Chairman), Senators Dandurand and Béique, Hon. Mackenzie King, Hon. R. Lemieux, P. C. Larkin, Toronto, and H. B. McGiverin, Ottawa. On October 18 Lady Laurier unveiled at Iberville, in the presence of thousands of French-Canadian Liberals, a local monument to her late husband, with speeches from Sir Lomer Gouin, Hon. R. Lemieux and others; on the same day at Sabrevois, not far away, a Memorial was also unveiled to the late Honoré Mercier—one time Premier of Quebec. It may be added that Sir Wilfred Laurier's will left an estate of $163,682.

Parliament and Federal Legislation in 1920; By-elections of the Year.

The 4th Session of the 13th Parliament of Canada was opened by H.E. the Duke of Devonshire, K.G., on Feb. 26 with a Speech from the Throne which congratulated the members upon meeting in their new Building: "Though not entirely completed, its noble proportions, its wide and convenient spaces, its beauty of design and chastness of finish, and its unique local situation, mark it as a most striking and dignified structure, worthy of the people whose national life it will henceforth serve." Reference was made to the progress of work under direction of the League of Nations and to the fact of "the status of Canada as a member of the League" having been definitely fixed; the Treaty of Peace with Bulgaria was stated to have been concluded and to be ready for submission to Parliament; Canada was advised of its selection as one of the 12 countries entitled to representation on the governing body of the International Labour Office.

His Excellency stated that the Forces which Canada contributed to the War had nearly all been returned and mostly demobilized and that the great majority had resumed their avocations and again become active and important factors in civil life; that the Department of Soldiers' Civil Re-establishment and the Soldiers' Land Settlement Board continued to provide the vocational training and opportunities for permanent occupation which had so greatly aided in the solution of the problem of readjustment; that in the European economic field clear vision was still impossible except for the one great lesson that increased production through increased work, combined with thrift and economy in individual and state, was the only sure hope of business improvement; that in Canada, however, business had been well maintained, production had been large and general conditions were on the whole satisfactory. Several important Bills were promised. In both Houses, prior to the coming of the Governor-General, a cablegram was read by the Speaker—in the Commons by Hon. Edgar N. Rhodes—from H.M. the King:

> I desire that you will convey to my faithful Senate and House of Commons of Canada my warmest greetings on this the first occasion of their assembly in the new Buildings, with the erection of which my Son is proud to have been associated. It is my firm assurance that the deliberations of the Parliament of Canada will, as in the past, rebound to the happiness and prosperity of the great Dominion whose well-being is so vital to the whole Empire. George Rex.

It was followed in the Commons by a motion of grateful acknowledgment moved by Sir George Foster and seconded by Hon. Mackenzie King. The former dealt at some length with the history and traditions of the old Parliament Buildings and he spoke first in English and then in French; the latter dealt with the architectural features of the splendid buildings which were nearing completion. Hon. H. S. Béland also spoke briefly in French. John A. Pearson, the Chief Architect, was present in the gallery. The Address was moved by Hume Cronyn of London and seconded by Alex. McGregor, Pictou. Mr. Cronyn summarized his ideals of current policy as follows: (1) Rigid economy; (2) cessation or minimization of Government borrowing; (3) adequate taxation on a scientific and equitable basis; (4) an energetic and discriminating immigration campaign, and (5) national scientific research. An interesting statement by Mr. McGregor was that 338,137 officers and men had been demobilized to date of whom 23,532 men had been placed in positions in the different Departments of the Government Services—1,544 in the Interior Department, 2,408 in Militia, 5,691 in Post Office, 1,122 in Public Works, 7,364 in Soldiers' Civil Re-establishment, while the latter Department had placed 129,000 men in outside positions.

Mr. Mackenzie King followed and, as Opposition Leader, his chief declaration was that "this Parliament and the Government have ceased in a large measure to be representative of the will of the people; that, after all, is the supreme, the fundamental fact which confronts us." He moved a lengthy amendment which may be summarized as declaring that (1) new conditions in the country were not being adequately met by the Government owing to the absence of the Prime Minister and the "makeshift arrangements" in the Departments and that the result was uncertainty and instability; (2) that the only effective remedy for existing conditions was "an appeal to the electors in a general election;" (3) that the promised Franchise Bill should be at once brought forward and constitutional steps taken for an appeal to the people.

Sir George Foster spoke in reply and the debate continued through March 2-3-5-8; on March 9 the amendment was defeated by 112 to 178 and the Address passed in due form. In this division 11 Independents or Agrarian members voted against the Government while Thomas MacNutt (Agrarian) and Major G. W. Andrews (Independent) announced that their votes would have been against the Government if present. During the debate many important matters were dealt with and a number of notable speeches delivered including those of Sir George Foster and the Opposition leader and Hon. T. A. Crerar, Hon. A. Meighen and Sir Thomas White and Ernest Lapointe. Mr. Meighen, on Mch. 5, stated that there was no intention to have an election "until an opportunity is provided to give Western Canada its full share of representation after the Census is taken." An incident of the debate was the stinging attack by Hon. Charles Murphy (Mch. 9) upon Mr. Rowell, President of the Privy Council—the third in three years—and the latter's vigorous reply. Succeeding this discussion the following table shows the chief debates of the Session in the Commons:

Date		SUBJECT	INTRODUCED BY	Hansard Pages
Mch.	10	National Eight-Hour Day	J. H. Burnham	347, 381, 466
		High Cost of Necessities	J. H. Burnham	334
"	11	Treaty of Peace with Bulgaria	Hon. N. W. Rowell	360, 482
"	15	Quebec's Ancient Fortifications	C. G. Power	438
		The Pension Act; Widowed Mothers	C. G. Power	444
"	17	Re-establishment of Soldiers	G. W. Andrews	531
"	18	Civil Service Classification	A. E. Fripp	565
"	22	Translation of French Speeches	J. Archambault	725
"	24	Flax Production and Spinning	S. F. Glass	702
"	25	Dominion Franchise Act	Hon. Hugh Guthrie	740, 788, 1101 1565, 1629, 1852, 1981, 2009, 2151, 2276, 2342, 2393, 2494, 3977, 4381, 4477
"	28	Alien Immigration	Michael Steele	845
		Canada's Fisheries	William Duff	872
"	30	Government Railway System	Hon. J. D. Reid	894
"	31	Universal Military Service	H. M. Mowat	959
April	7	Development of Natural Resource	R. J. Manion	1052
"	12	Grand Trunk Railway Strike	J. A. Currie	1165
"	13	Admiral Jellicoe's Australian Report	Hon. Mackenzie King	1203
"	14	Campaign Funds	J. H. Burnham	1261
		Quebec Riots	George W. Parent	1246
"	15	Grand Trunk Acquisition by the Government	Hon. J. D. Reid	1282, 1338, 1362, 1486, 1537, 1589
"	20	Personal Statement re War Services	Hon. Mackenzie King	1455
"	21	Purchasing Board of Canada	Sir George E. Foster	1518
"	26	Canadian Merchant Marine	J. H. Sinclair	1706
		Opium and Drug Act	Hon. N. W. Rowell	1675, 1686
"	27	Soldiers' Settlement Act	Hon. Arthur Meighen	1744
		Shipping Rates Under Railway Commission	J. E. Armstrong	1766
"	28	Canada Shipping Act Amendment	Hon. C. C. Ballantyne	1823
		Oleomargarine Act Amendment	Hon. S. F. Tolmie	1842, 1903
May	3	Industrial Disputes Investigation Act	Hon. Arthur Meighen	1966 2037, 2262
"	4	Steel and Shipping Industries	R. L. Richardson	2011
"	7	Scientific Research	Hume Cronyn	2223

Date	Subject	Introduced by	Hansard Pages
May 17	Minister Plenipotentiary at Washington	Rt. Hon. Sir R. L. Borden	2519
" 18	The Budget	Hon. Sir Henry Drayton	2476, 2520, 2575, 2626, 2670, 2723, 2786, 2843, 2896, 2969
June 7	Commercial Feeding Stuffs	Hon. S. F. Tolmie	3161, 3395
	Royal Northwest Mounted Police	Hon. N. W. Rowell	3291
	Director of Coal Operations	Hon. Arthur Meighen	3175
" 8	Business Profits War Tax Act	Hon. Sir Henry Drayton	3229
" 10	Criminal Code—Race Track Betting	Hon. T. W. Crothers	3531
	Special War Revenue Act	Hon. Sir Henry Drayton	3560, 3654, 3667, 3900
" 14	Naval Defence of the Empire	Hon. C. C. Ballantyne	3604
" 16	Militia and Defence	Hon. Hugh Guthrie	3636
" 17	Post Office Act Amendment	Hon. Martin Burrell	3841
" 18	Inland Revenue Act Amendment	Hon. Martin Burrell	3912
" 19	Retirement of Members of Public Service	Hon. J. A. Calder	3936
" 22	League of Nations	Sir Herbert Ames	3961
"	Government Aid to Shipbuilding	Hon. Sir Henry Drayton	3987, 4137
	Pensions and Re-establishment Committee	Hume Cronyn	4037
" 23	Indian Act Amendment	Hon. Arthur Meighen	4136, 4290
	Members' Indemnity	J. H. Burnham	4183
" 24	Canadian Wheat Board	Rt. Hon. Sir G. Foster	4098, 4460
" 25	War Loans	Hon. Sir H. Drayton	4297
" 28	Increase of Judges' Salaries	Rt. Hon. C. J. Doherty	4450
	Board of Commerce	Hon. Mackenzie King	4588
" 29	Salaries of Ministers and Indemnity of Members	Rt. Hon. Sir R. Borden	4547

The most important legislation of the Session was the Dominion Franchise Bill. It was introduced on Mch. 11 by Hon. Hugh Guthrie who described the purpose of the Bill: "In the first place to fix a uniform franchise throughout the Dominion; in the second place, to provide a simple and satisfactory method for the conduct of elections. The franchise is to be established upon very broad principles. The only requirements will be those of British citizenship, residence in Canada for one year and in the particular constituency for two months, and the attainment of the age of 21 years; these requirements will apply in the case of male and female voters alike. In regard to the preparation of voters' lists, the principle adopted is that the existing lists in any Province which are authorized by law for use in Provincial elections shall be utilized in Dominion elections, provided that they are not more than one year old, or that not longer than 12 months have elapsed between the completion of such lists and the issue of a writ for the Dominion election."

In Provinces where lists existed they were adopted under the Bill; but power was given to add to any Provincial list the names which should be added, and power also was given to take from such lists the names of persons who should not be there: "The machinery provided by the Bill for the conduct of elections does not differ very greatly from the machinery which has been utilized in this country during the past 25 or 30 years. There are one or two innovations. The Bill abolishes the office of Clerk of the Crown in Chancery, and substitutes an official to be known as the General Electoral Officer whose duties will be to take charge of the election machinery and the conduct of elections in general throughout the Dominion. He will, also, be a Parliamentary counsel of the House of Commons and a permanent officer." The second reading was moved by Mr.

Guthrie on Mch. 25 when the name of Oliver Mowat Biggar was included as Chief Electorial Officer.

The Minister stated that it was doubtful, at this time, if there was any valid and subsisting law of Parliament under which the will of the electors of Canada could be recorded or otherwise made known at the polls, through the medium of a general election; there was a By-Election Act but it had no reference to a general election. The Dominion Elections Act of 1908, with amendments passed from time to time, had continued in force down to the year 1917—when the War-time Elections Act suspended this measure and its operation during the War and demobilization periods. Mr. Guthrie reviewed preceding legislation in this respect at length; pointed out that manhood suffrage was imposed upon all the Provinces—though Nova Scotia and P.E. Island still maintained, locally, a small property qualification—and that womanhood suffrage was similarly applied to Quebec and P.E. Island where it was not yet locally in operation; stated as to the always debatable matter of returning officers, that the Federal system used since Confederation and used, also, in most of the Provinces, had been retained.

Hon. Mackenzie King, Opposition leader, described the statement of the Minister as lucid and comprehensive and congratulated the speaker upon the spirit shown in appealing to the House for suggestions and amendments of an improving character. He was glad that the measure provided for repeal of all the 8 enactments of the Borden Government respecting franchise and thus left the slate clear for new impressions; he was pleased at the attempt to have an Act which should be definite, just and fair, and would establish a uniform franchise throughout the Dominion; he was satisfied with the defined qualifications for male and female voters. He deprecated, however, a continuance of the old and expensive work of enumerators, and urged the adoption of the right of appeal in rural as well as urban districts. He criticized the similarity of the legislation to some that had gone before and in respect to the preparations of voters' lists said: "The system means haste in the preparation of lists by an army of enumerators with arbitrary powers, no useful checks, and opportunity for all kinds of errors, confusion and frauds."

The subject was complicated, the Bill bulky, the ensuing discussion prolonged, discursive and varied. The Hon. W. S. Fielding (Lib.) moved an amendment (Mch. 26) providing that the returning officer in any riding should be a person holding one of certain public offices—Sheriff, Registrar of Deeds, Municipal Clerk, Postmaster, etc.; only if such official were not available should the Government make an outside appointment. This was negatived by 81 to 49. There was much discussion as to the clauses dealing with naturalization and affecting aliens of enemy origin in Canada. As the debate went on it became more heated and partisan and the point raised by F. F. Pardee on Mch. 25 (immediately after his leader had spoken) was the cause of much controversy. He claimed that under Section 30 of the Bill, as to aliens or persons "disqualified and incompetent to vote at an election," and the terms of the Naturalization Act of 1919, more people would be disfranchised than by the much and oft-denounced War-times Act. W. D. Euler, Michael Clark and other Liberals denounced this Section.

Hon. Mr. Meighen (Mch. 27) promised some amendment to this clause but objected to a woman of enemy alien birth voting because she had recently married a British subject. Thomas Foster (Cons.) would have taken the vote away from all enemy aliens, slackers, and deserters. The Bill and amendments were discussed at a Government caucus on April 10. On April 14 a Section declaring that "no unincorporated company or association and no incorporated company or association, other than one incorporated for political purposes alone, shall contribute to any candidate at an election or to any political party" was discussed and an amendment by A. R. McMaster (Lib.) proposing a limit of $10,000 on contributions and making all contributions public two weeks after receipt was voted down. As to wives and children of naturalized subjects the Government, in the main, gave way and the Act was amended accordingly though the phraseology was technical and some doubt remained as to how the clause would operate.

Mr. Pardee sought, by amendment on May 10, to enable enemy aliens resident in Canada, prior to 1914, to secure certificates for the purpose of enfranchisement providing they had the other necessary qualifications for an elector, but this was rejected, by 76 to 44. On May 17 Mr. Guthrie submitted a series of minor amendments relating to the voters' lists, as the result of a conference between himself and members of the Opposition; there were many fights on other details but finally the Act passed and became law in due course. The vital point as to who could or could not vote under its terms was dealt with at length by Alex. Smith, K.C., an Ottawa barrister and former Liberal organizer, in the *Mail and Empire* of Aug. 4. He summarized those who were considered British subjects with a right to vote as follows:

A. Any person born in any of His Majesty's Dominions, no matter what was the Nationality of his parents, or

B. Who was born in a foreign country of a father born in any of His Majesty's Dominions, provided that his or her father did not, during the child's infancy, surrender his British nationality by becoming a citizen of some other country, or

C. Who has been personally naturalized in Canada, or

D. Who is the wife of a person naturalized in Canada before the 1st of Jan., 1918, provided she was born on the continent of North America, or

E. Who is the child of a person naturalized in Canada before the 1st day of Jan., 1918, and was, at the time his parents became naturalized, under 21 years of age and resident with the parents, provided he (or she) was born on the continent of North America, or

F. Who has obtained certificate from a Judge under Section 29 of the Act.

The latter Section required a certificate, under certain circumstances of alien birth, and included a woman of such birth born outside of North America and married to a British subject. The restrictions practically applied to Germans and Austrians coming to Canada since July 6, 1909. Other legislation of the Session included Sir Henry Drayton's amedment to the Government Annuities Act increasing the total possible amount of annuities from $1,000 to $5,000 and the rate of interest from 3 per cent. to 4 per cent.; Hon. Mr. Rowell's Bill giving the Minister of Health power to issue licenses for the import, export, sale, manufacture and distribution of any drug, to name the ports or places in Canada where such drug could be exported or imported, and to make all convenient and necessary regulations with respect to the issue, duration, terms and forms of the several licenses that could be issued and the payment of fees for such licenses—the measure embodying the conclusions of the International Opium Convention at The Hague in 1912; Hon. Mr. Ballantyne's amendments to the Canada Shipping Act providing that every British subject who had served as a master or mate of a sea-going or coasting sailing vessel of over 75 tons before Jan. 1st, 1920—for a full period of 12 months within 10 years immediately next preceding the date of his application—who produced satisfactory evidence of his sobriety, experience, ability and general good conduct on board ship, and passed the sight test and the prescribed examination in signalling, should be entitled, on payment of the prescribed fee, to a crtificate of service as a master or mate.

Hon. Dr. Reid had a measure confirming an agreement between the Government and the City of Ottawa to pay for a period of five years the annual amount of $75,000 and increase the grant to the Local Improvement Commission from $100,000 to $150,000 per annum; Hon. Mr. Meighen had a Bill to provide for the settlement of differences between the Governments of the Dominion of Canada and the Province of British Columbia respecting Indian lands and certain other Indian affairs in that Province and to arrange a permanent settlement based upon the Agreement originally made between the McBride Government and the Indian Department. Mr. Meighen carried amendments to the Dominion Lands Act to enable a homesteader, to get his patent, though not naturalized on account of inability to speak English or French, and to provide for power in the case of school lands to enable the Department of the Interior to sell, upon valuation, a portion of a quarter section, or of a half section, that might not have been included in the original sale but which later had been added.

Sir Henry Drayton had a measure extending the Civil Service Insurance Act to persons in the Naval Service, increasing the maximum amount to be issued from $5,000 to $10,000 and empowering the issue of Regulations providing for payment of Insurance monies in the form of annuities; Hon. Mr. Rowell carried his Civil Service Amendment Act providing that the re-classification of the Civil Service should go into effect as from the first day of April, 1919, instead of the first day of April, 1920, as provided in the Act of the last Session—thus dating the projected annual increases of salary back a year; Hon. Dr. Reid's legislation regarding the Grand Trunk Acquisition is dealt with under Transportation affairs and was discussed at length; Hon. Mr. Meighen carried an Amendment to the Soldiers' Settlement Act intended to grant greater advantages to soldiers who came in under the Act and settled on improved lands, than to those who settled on unimproved lands.

Sir George Foster presented, and Parliament approved, an important measure respecting the purchasing of Departmental and other supplies and materials and constituting a Board to be called the Purchasing Board for Canada, which should take over all records, correspondence, documents and supplies of the War Purchasing Commission, and have the exclusive power and right to purchase, contract for, inspect and accept supplies for the Public Service—all of which supplies were, in future, to be purchased by the Board or under its express authority, direction and control. Under this Act the Board was to have exclusive control and charge of the sale of all surplus, natural, condemned or obsolete supplies, and the power of fixing prices of supplies transferred from one part of the Public Service to another; no contract or purchase made under its authority could be altered in any respect without its consent; the Board was not to purchase or agree to purchase any supplies, except such as were included in estimates or requisitions sent to the Board by the various portions of the Public Service, without the approval of the Governor-in-Council; as far as possible, tenders were to be called for and the lowest tender accepted—with the reason given in cases where any divergence from the general rule existed.

The Board was to consist of three members and one of these—the Chairman—was to be a member of the Government and the other two members to receive, each, a salary of $6,000 per annum with 10 years as the tenure of office. There was also to be a Secretary and the rest of the Staff to come under Civil Service rules. Mr. Ballantyne's Bill as to Steamboat Inspection levied fees upon registration of Canadian vessels in varying sums, based upon tonnage, with a view to collecting $105,000 a year or the actual cost of inspection. The Hon. S. F. Tolmie had a measure amending the Oleomargarine Act to extend for one year permission for the manufacture and importation of this product and authorizing Government regulations in respect to the business—in which 18,358.046 pounds had been manufactured since 1919 and over 12,000,000 pounds imported.

Mr. Meighen's amendments to the Industrial Disputes Act provided that application for the establishment of a Board of Conciliation must be authorized by a majority of the members of a union, in cases where the employees were organized, or by a majority of the employees concerned, in cases where some or all of those affected were not members of a union; forbade the declaration of a strike until a copy of the report of the Board had been delivered through the registrar to both the parties affected; and permitted the establishment of a Board by the Minister of Labour without application from the employers or the employees concerned in cases where a strike seemed to the Minister to be imminent. Mr. Tolmie amended the Inspection and Sale Act in respect to various regulations and penalties and Hon. J. A. Calder carried a measure to provide for the retirement of certain members of the Public Service who, on account of old age or disability, or for other cause, should be retired from the Service.

Mr. Doherty carried a Bill amending the Supreme Court Act and described its object as one of simplification: "It does not affect the constitution of the Court; it affects the jurisdiction of the Court, and its principal purpose is to make that jurisdiction the same with regard to cases coming from any of the Provinces. Its second purpose is to simplify the provisions that now determine that jurisdiction." Dr. Reid carried a Railway Act Amendment correcting the measure of 1919 and replacing street railway lines, electric suburban railways and tramways, constructed under the authority of a Provincial Legislature, under that Provincial jurisdiction; Mr. Rowell passed his amendment to the Canada Shipping Act increasing the tax on shipping from 1½ cents a ton to 2 cents in order to provide for the increased cost of caring for sick and distressed mariners; Sir Henry Drayton carried various important amendments to the Customs Tariff Act, and Business Profits War Tax, the Excise Amendments to the Special War Revenue Act and the Income War Tax Act which are dealt with elsewhere; Mr. Tolmie put through a measure providing regulations for the sale and inspection of commercial feeding stuffs such as bran, shorts or middlings and chop feed, etc, used for the feeding of livestock or poultry; Mr. Meighen had a Bill putting into legal operation the Orders-in-Council which appointed a Director of Coal Operations in the West (District 18). Mr. Guthire carried certain amendments to the Bankruptcy Act of 1919 which would come into operation on July 1st, 1920—most of them technical and clerical.

Mr. Burrell's Post Office Act Amendment was an important matter. It increased the registration fee for letters from 5 to

10 cents—about the same as in England and the States—to meet a deficit of $250,000 in that branch of the Service; it enacted that newspapers and periodicals published, not more frequently than once a week, in any city, town or village which had a population of not more than 10,000 persons, should be transmitted by mail free of postage to the extent of a circulation of 2,500 per issue and within a distance of 40 miles from place of publication; it provided that other weekly publications transmitted for a greater distance than 40 miles and all copies in excess of 2,500 circulation should be subject to postage at the rate of ¾ of a cent, on and after Jan. 1st, 1921, and until Jan. 1st, 1922, and 1½ cents thereafter, for each pound weight or any fraction of a pound weight; it enacted that upon daily papers, newspapers and periodicals printed in Canada, and issued less frequently than at intervals of one month from a known office of publication or news agency, and addressed and posted by and from the same to regular subscribers or news agents and on all specimen newspapers the postage should be two cents for each pound-weight.

The franking privilege for Members of Parliament was retained but abolished as to Provincial legislators. The Minister estimated that the Department had been losing over $5,000,000 a year carrying newspapers at the old rate; in the United States, he added, these papers were charged 1½ cents a pound. Hon. Mr. Lemieux (June 9) in opposing the measure, called it a taxation of freedom of thought, described what he termed the zone system as a closing of the avenues East and West and declared that this increased tax on newspapers and periodicals would reduce the circulation of Canadian periodicals and might bring some of them under the hammer while the wealthy newspapers of the United States, including the Hearst publications, would flood the country. On June 17 he pointed out that the expenditures of the Department had increased from $10,882,000 in 1912-13 to $19,273,000 in 1918-19. As the Hon. Dr. Reid afterwards observed, this was caused by growing salaries and wages and expenses and an ever-expanding service.

In the debate of June 17, J. D. Chaplin stated that mail costs of carriage in the United States were 8 cents a pound to the point of delivery and this, applied to the 87,000,000 tons carried in Canada, would total $6,960,000 a year for which the newspapers had been paying the Government $291,000 and were now asked to pay $1,000,000! Michael Steele drew attention to the incongruous fact that while exchange difficulties and increasing imports from the United States were troubling Canada so greatly the Government was carrying American magazines, full of United States attractive advertisements, in enormous numbers and at very cheap rates. Other measuers included Mr.

Meighen's Bill providing for expropriation, where necessary, of inferior water rights for the benefit of superior water rights and that water derivable from springs should be in the same position as to Federal control as other waters; Mr. Doherty's Bill giving the Minister of Justice full power in the administration, regulation, etc., of Penetentiaries.

Mr. Burrell had a measure of Inland Revenue Act amendment dealing in detail with the control of alcohol after it had left the distillery and in view of the increasing difficulties in that respect—the prosecution of 900 persons in the past year as against a score or so in preceding years—imposing additional and heavy penalties for illicit distilling and the sale of illicitly-distilled liquor, with new taxation on the malt used in making vinegar and a 5 cent excise tax on raw-leaf tobacco. Mr. Doherty carried a Bill amending the Naturalization Act of 1914 so as to maintain uniformity with the British legislation passed under agreement upon this subject, repealing the Act of 1919, revising that of 1914 and enacting a specific provision which would make it possible, not to do away with the ten-year requirement generally as to the enemy alien nationals, but, in meritorious cases, permitting persons of such nationality, who had resided 10 years in the country, to become naturalized before the expiry of the ten-year period from the expiry of the Act in 1919. Sir George Foster had amendments to the Canada Grain Act providing for cheques issued in payment of grain by country Elevators to be certified by a Bank and providing for a warehouse receipt to be issued where the original cash purchase ticket issued by the elevator operator had not been redeemed within 24 hours.

Legislation respecting State insurance for returned soldiers and Pensions is considered in another Section. Other measures were Sir H. Drayton's Bill authorizing or validating the over-subscriptions to the last of the War Loans—to a total of $340,000,000; Mr. Doherty's Bill increasing Judges' salaries to $12,000 for the Supreme Court of Canada and $15,000 for the Chief Justice, $8,000 for Puisne Judges and $10,000 for the Chief Justice in the Exchequer Court of Canada with $9,000 for Judges and $10,000 for the Chief Justices in the Provincial Courts of Canada. The Indian Act was amended providing for compulsory education of the Indians under certain conditions and for the enfranchisement of those selected by a Committee in each Reserve made up of one Indian and 2 officials of the Indian Department. Upon enfranchisement the Indian was to be given letters patent for his land provided he paid to the funds of his tribe such amount per acre as the Superintendent-General considered to be the value of the common interest in the land; this Indian was then to be paid his share in the Fund standing to the credit of the tribe.

A much-discussed subject of the Session—more informally than publicly—was that of an increase in the members' Indemnity. J. H. Burnham, Peterborough, brought the matter up on June 23 and discussed it in his usual frank manner. The $2,500 now received was equal to $1,200 and this, he said, was an absurd salary to expect the average member of the Commons to live upon; he understood that a number of delegations had waited upon the Prime Minister in this regard. Alphonse Verville (Lib.-Lab.) and Hon. Jacques Bureau supported an increase. Sir Robert Borden, Prime Minister, pointed out that the United States Senators and Congressmen received an indemnity of $7,500 with a $1,500 allowance for expenses and that in Australia the amount recently had been increased to £1,000; increases had also been made recently in the Provinces of Alberta, Saskatchewan, New Brunswick and Quebec; at Ottawa there had been no increase since 1905 when the amount was raised from $1,500 to $2,500—following the first increase in 1901 from $1,000 to $1,500

Sir Robert admitted that the sum was too small under current conditions but it was a serious question, at this time of imperative economy, whether the House should not set an example even in this respect. The Hon. Mr. Fielding suggested an increase of $500 at this Session and a further $1,000 at the next one; Sir Sam Hughes wanted an immediate increase to $5,000 and E. W. Nesbitt (Lib.) supported Mr. Fielding but urged that, in any case, Ministers' remuneration should be increased. Thomas MacNutt, and J. A. Maharg (Agrarian) supported an immediate increase as did M. R. Blake, Lucien Cannon, O. Turgeon and C. G. Power (Liberals). G. B. Nicholson, T. M. M. Tweedie, W. D. Cowan, H. H. Stevens, and J. W. Edwards (Conservatives) favoured an increase and the latter was willing to go back to the old rate when conditions changed; E. B. Devlin (Lib.) suggested a bonus of $1,000; A. B. McCoig (Lib.) and R. H. Halbert (Agrarian) opposed any increase at present.

On June 28 Sir Robert Borden introduced Resolutions upon which a Bill was afterwards based and passed, in due course, increasing the salary of the Prime Minister to $15,000; that of 17 Ministers to $10,000 each and the Solicitor-General to $7,000; that of the Leader of the Opposition to $10,000, the Speakers of the Commons and Senate to $6,000 each and of the Deputy Speaker of the Commons to $4,000; that of the Members of the Senate and Commons to $4,000 each for every session extending beyond 50 days and for every member attending a sitting of the House on at least three-fourths of the days upon which the House sat—the allowance for any less number of days to be $25 per day. Sir R. Borden spoke upon the subject at length (June 29th) and pointed out that the Prime Minister of Australia received $10,000, of South Africa $17,500, of the United Kingdom $25,000, and most of the Ministers proportionate amounts, while the Premiers of Ontario and Quebec received $12,000 by statute. The following statement was of interest:

Province	Average Session	Member's Indemnity
British Columbia	9 weeks	$1,600
Alberta	7½ weeks	2,000
Saskatchewan	6 weeks	1,800
Manitoba	9 weeks	1,500
Ontario	8 weeks	1,400
Quebec	8½ weeks	2,000
New Brunswick	7 weeks	1,000
Nova Scotia	12 weeks	700
Dominion	18½ weeks	2,500

The Hon. Mackenzie King agreed with the Premier's view of June 25 though he had now made out a strong case for an increase; he criticized, severely, the custom of night or rather early morning sittings as injurious to health and to the business done or attempted. He was in favour of all the proposed increases, but, he added "they should not take effect during this Parliament, but should come into effect after a general election." Upon its merits the Hon. T. A. Crerar approved the proposition but believed this an inopportune time to carry it out: "The increase should stand over at least until another Session; until the unrest in the country has subsided; until our income is more nearly within our expenditure." Dr. Clark described this attitude of the two leaders as "illogical and wavering," and Ernest Lapointe, Hon. Jacques Bureau, F. N. McCrea and Hon. Mr. Fielding supported the increase as did O. R. Gould (Agrarian) while J. W. Kennedy (Agrarian) with J. H. Sinclair, Roch Lanctot and A. R. McMaster opposed the Bill. The second reading passed without division and in Committee Mr. Lanctot moved that the Act should not come into operation until after the next general election but was defeated by 11 to 107—Messrs. King and Fielding, with 7 other Liberals, and Mr. Crerar with one other Progressive making up the minority; a similar motion on the 3rd reading was defeated on division and the Bill then passed.

Incidents of the Session included an interesting discussion of a National 8-hour Day on Mch. 10 and the usual yearly motion by S. F. Glass as to flax production, etc. (Mch. 24) and an important discussion on Universal Military Training initiated by H. M. Mowat, K.C., (Mch 31). There was on April 21 the appointment of a Special Committee, composed of Maj.-Gen. S. C. Mewburn, Dr. M. Clark, Hon. R. Lemieux, Hon. H. S. Béland, F. B. McCurdy, Lieut.-Col. C. W. Peck, V.C., D.S.O., H. M. Mowat, C. G. Power and M R. Blake to consider and report upon the question of what Memorials, if any, should be erected on the Battlefields of the late War to commemorate the gallantry of the Canadian troops. In presenting this matter Hon. Hugh Guthrie explained that 8 sites had been selected in France or Flanders to commorate the following victories: St. Julien, Passchendaele, Observatory Ridge, Vimy Ridge, Arras, Bourlon Wood, Courcelette and Amiens.

On June 8 the Prime Minister (Sir R. Borden) read a cable from the Secretary of the Empire Parliamentary Association in London, Sir Howard D'Egville—as follows: "Lord Chancellor and Speaker ask you to accept as gift to Canadian House of Commons the Speaker's Chair as an abiding token of good will between both Parliaments. Suggested that chair should be replica of that in British House of Commons." Colonel L. S. Amery, M.P., Under Secretary for the Colonies, was in Ottawa shortly afterwards with a photograph of the chair which Sir R. Borden described as "beautiful, dignified and ornate." The gift was cordially accepted upon motion of the Premier and Opposition leader. During the Session A. D. DeCelles, C.M.G., LL.D., F.R.S.C., Joint Librarian of Parliament, was superannuated and J. de La Broquérie Taché, King's Printer, was appointed in his place while Martin J. Griffin, C.M.G., LL.D., the other Librarian, who had also retired, was succeeded by Hon. Martin Burrell, M.P.

The new Parliament Buildings were not finished by the end of the year, but were in almost complete occupation including the Main Chambers, the Members' rooms, and handsome quarters allotted to the Leaders and to the Clerk of the House. The Minister of Railways (Dr. Reid) on April 20 stated that the total amount expended on the Parliament Buildings to the end of the fiscal year, Mch. 31, 1920, was $7,037,921: "We are asking for an appropriation of $2,000,000 which will bring the total to $9,037,921. The estimate we have at the present time is that it will take about $10,000,000 to complete the buildings and allow the contractors to close." The members of the Committee in charge of construction at this stage were as follows: Hon. J. D. Reid, Acting Chairman; Hon. J. A. Calder, Sir James Lougheed; Hon. Robert Watson and Hon. G. D. Robertson. The following were the chief debates in the Senate during this Session:

Date	Subject	Introduced by	Hansard Page
Feb. 27	The Address	Hon. Wm Proudfoot	2, 8, 20, 34, 49, 60, 79
Mch. 11	Resignations from Public Service	Hon. Jules Tessier	96, 126
" 12	Revision of Punishments Bill	Hon. Lendrum McMeans	100
April 6	Industrial Disputes Investigation Act	Hon. G. D. Robertson	112, 130
	Royal Canadian Mounted Police	Hon. Sir James Lougheed	138, 152, 164
" 13	New Parliament Buildings	Hon. G. H. Bradbury	158, 203, 255
" 15	Electrification of Government Ry's	Hon. E. D. Smith	190, 240
" 20	German Trade Identification Bill	Hon. George Lynch-Staunton	210, 264, 272, 288
" 29	Grand Trunk Agreement	Hon. Sir James Lougheed	304, 361, 377
	Food and Drugs Act	Hon. Sir James Lougheed	302, 327
" 30	Halifax Garrison	Hon. A. B. Crosby	310, 351
" 29	B.C. Indian Lands Bill	Hon. Sir James Lougheed	304, 442, 473 489, 511, 761
May 5	British Empire Steel Corporation	Hon. Frederic Nicholls	343

DATE	SUBJECT	INTRODUCED BY	HANSARD PAGES
“ 7	Immigration Act	Hon. G. D. Robertson	384, 417, 461, 498
	Opium and Narcotic Drugs	Hon. Sir James Lougheed	381, 299
“ 11	Director of Coal Operations Act	Hon. G. D. Robertson	407, 437, 452
“ 28	Supreme Court Amendment	Hon. Sir James Lougheed	441, 455
June 11	Civil Service Act Amendment	Hon. Sir James Lougheed	513,551,580, 607
“ 15	Hudson Bay Route	Hon. Geo. W. Fowler	531, 600, 629
“ 18	Bankruptcy Act Amendment	Hon. Sir James Lougheed	610
“ 21	Government Savings Banks	Hon. L. G. Power	635
	Re-organization of Gov't Dept's	Hon. J. G. Turriff	642
“ 22	Post Office Act Amendment	Hon. P. E. Blondin	667, 681
	Criminal Code Amendment Bill	Hon. Sir James Lougheed	673,694,704, 727
“ 26	Pension Act	do.	750
“ 25	Returned Soldiers' Insurance Act	do.	734
“ 28	Shipbuilding Act Amendment	do.	782, 791
“ 29	Income War Tax Bill	do.	800
	Special War Revenue Bill	do.	812
	Canada Wheat Board Act	do.	821, 826
	Franco-Canadian Trade	Hon. C. P. Beaubien	831
30	Ministers' Salaries and Sessional Indemnities	Hon. Sir James Lougheed	838

Sir James Lougheed and Reconstruction; Adjustment of Pensions and The Soldiers' Settlement Board

The Department of Soldiers' Civil Re-establishment under Sir James Lougheed as Minister, did excellent work in the years following the War and, in 1920, was reaching the end of its labours as an organized entity of the Government. At the beginning of the year it was maintaining, directly, 44 hospitals and sanatoria and partially operating six others, besides maintaining beds in 54 other institutions; it was caring for 6,520 in-patients and 1,634 out-patients, and was giving a weekly average of 8,993 outside clinic treatments; the Vocational Training Branch was giving instruction to 27,602 persons, of whom 20,107 were disabled men and 7,495 had enlisted under the military age of 18 years. There were, also, 3,988 men in training at curative workshops, and 12,327 in schools, including those operated by the Department, with 11,223 being trained for industries.

Under its ministration, or that of other Departments in such matters as the Soldiers' Land Settlement Act, Canada had committed itself to a total of, probably, $600,000,000 for soldiers' aid and support. In passing, it may be noted that there were 300,000 war-disabled men in the United States at this time, that 200,000 had registered for training under the Government's advertised provisions, that at least 110,000 of these were eligible for training and that, according to the New York *Tribune* (Feb. 19, 1920) there were at the beginning of this year only 21,537 under instruction. During the period since the War the Canadian Government—chiefly through the Department of Re-establishment—had carried out the following matters of policy:

1. Increased Pensions to a large total.
2. Established, and then extended, Land Settlement opportunities with estimated liabilities of $200,000,000.
3. Raised the Clothing Allowance from $8 to $35 and paid return fares from Overseas of Soldiers' Dependents
4. Granted considerable benefits to Imperial veterans and made

5. Treated in Hospitals and Homes 65,000 disabled veterans and provided gratuities and post discharge pay to a total of $164,000,000.
6. Appointed 26,900 returned men to positions in Civil Service and found employment for 175,000 undisabled soldiers.
7. Trained 30,000 disabled men and fitted them for Civilian duties.

Speaking in the Commons on Mch. 17 and reviewing the Government's work in this connection, Sir George Foster, Acting-Premier, said of Sir James Lougheed and his Department: "I am bound here, as a member of the Cabinet and a colleague of the Minister who is administering that work, to add my testimony not only to his diligence, his application and his interest in the great work with which he is connected, but also to his sympathy with that work. I have looked into it somewhat and I have also looked into similar operations and administrations carried on by other countries, and I have been myself astonished at the amount of work, the quality of the work, and the saving nature of the work, which has been carried on under the Department of Soldiers' Civil Re-establishment." There was, of course, criticism of the Department, the Minister, and the Government's policy. J. Harry Flynn and the Grand Army of United Veterans in Toronto and David Loughnan, Editor of *The Veteran*, Ottawa—the latter in letters to the press and through the columns of his organ and the Ottawa *Daily Citizen*, (Lib.), were vigorous critics.

During 1920 there were many and varied developments in the work. By the end of January the winter's unemployment in respect to soldiers had been relieved by $1,000,000 paid out under the Federal Emergency Application Fund administered by Brig.-Gen. A. E. Ross, C.B.; on Feb. 14 it was announced that, under new regulations of the Department a loan not exceeding $500, free of interest for five years, could be granted to those with a disability due to or aggravated by war service, who were not eligible for, or had not had, vocational training under the Department, whose pre-war training or education had been substantially interrupted by war service, and who were in need of such assistance for the purpose of continuing in the training or education thus interrupted; on Mch. 31 the Department reported 20,000 of unemployed soldiers with 3,251 placed in positions during the past week and a total of 141,212 applications successfully arranged to date; it was reported on April 26 that 3,356 amputation cases had been fitted by the Department with artificial limbs and 3,431 persons with specially constructed orthopædic boots.

On June 2nd the Civil Service Commission stated that since February, 1918, 95 per cent. of appointments made to the Civil Service had been returned men and it was also announced that recent suggestions of the G.W.V.A. had been approved to the effect that (1) married women in the Civil Service should be released if their husbands were in positions and capable of supporting them and (2) that 60 days, with pay, should be allowed veteran Civil Servants who suffered from their disability after being appointed. Meanwhile, the agitation for a Soldiers' gratuity varying in amount up to $2,500 each had been vigorously maintained by certain soldiers' organizations and papers throughout the country. On April 4 J. Harry Flynn, on behalf of a conference of Veterans' societies, held in Toronto, asked for an appointment with Sir George Foster but was refused on the ground of his violent language toward members of the Government personally; any other representative would be welcomed. Representations, then, were placed before the Government by the Soldiers' organizations whose headquarters were at Toronto, in favour of a cash gratuity or bonus to all returned soldiers in Canada. The G.W.V.A. delegation was received on Mch. 30 and presented a long Resolution from the annual Convention then meeting in Montreal of which the salient points follow:

1. That proper re-establishment of the returned soldier can more efficiently and more economically be accomplished by means of a cash bonus payable to 100 per cent. of the forces, which should be based on length of service.
2. That we urge upon the Government the necessity of a cash re-establishment bonus based upon an additional $1.00 *per diem*, for the total period of their enlistment, to men who have seen service on a belligerent front. The minimum amount to be paid shall be $1,000, or such other amount as may be agreed upon, and a proportional bonus be paid to those who saw service in Great Britain, Canada and Siberia.
3. That equitable compensation should be made to the dependents of our fallen comrades, or benficiary, or next of kin in the form of a lump sum cash bonus to be not less than the amount the soldier should have received had he returned at the date of the Armistice and that the time undergoing treatment for disabilities received be regarded as active service, with the only reservation that in no case shall the sum of $2,500 be exceeded under this and the War Service gratuity scheme combined.

On April 9 Sir George Foster replied, indirectly, to this request in the Commons and explained fully the position of the Government. He reiterated the statement made in the 1919 Session, after the whole subject had been studied by a Committee of the House, that the Government was not in favour of such a grant and that additional care and consideration given to the matter had not changed their view: "We must take into account the financial conditions of the country and all the other interests that have accumulated, and that press upon the Government and the Parliament of Canada. And in this respect the indeterminate amount, running anywhere from $400,000,000 to a billion of dollars or more, which would be involved in the proposed cash payment of gratuities, has to be taken into consideration. The Government is not and never has been of the opinion that the best way to reconstitute, readjust, and re-establish the returned soldier is by placing in his hand a sum of money over which there should be no government supervision, and without any reference to the peculiar and differing conditions and circumstances of each returned soldier." He explained that a Pensions and Reconstruction Committee had been appointed to go into all the branches of the subject and that its final report would be made during the Session.

A few months later the Information and Service Branch of the Department was demobilized and the employment work was taken over by Provincial Labour Bureaux; Major L. L. Anthes, Toronto, had been Director of this work with T. A. Stevenson of the local Trades and Labour Council as Assistant, and offices had been opened and operated from Halifax to Vancouver with—up to the end of March—115,195 ex-service men registered and 84,284 placed in positions. In September training centres at Montreal, Winnipeg, Calgary and Saskatoon were closed, together with Hospitals at Toronto, Lake Edward, P.Q., Kitchener and the Dalton Sanitarium, P.E. Island; only the institutions absolutely necessary for the lessening needs of returned men were maintained.

At the Canadian National Exhibition, Toronto, during this month, there was a room-exhibit of the results of this human reconstruction work. A disabled soldier was seen at work re-caning chairs and happy in possessing a trade by which to support himself. Another group of partially disabled men had learned watch and clock repairing and had embarked in business for themselves. A Sergeant of the Princess Pats, with a bad leg and a tube in his chest, had learned to make excellent boots. There was a blind man who had learned to weave mats. Shops were opened at suitable points to facilitate the sale of products thus made and a Report at this time from the District Vocational Officer of Vancouver showed that 87·70 per cent. of the men who had passed through the training schools in British Columbia were now employed.

On Oct. 7 the Department of Civil Re-establishment issued a statement that throughout Canada to Aug. 31, 1920, the total vocational expenditures, including the cost of instruction, supplies, administrative salaries, expenses, etc., was $9,900,000. During the same period the sum of, approximately, $25,000,000 had been paid direct to disabled soldiers in training, and their dependents. The total expenditures throughout Canada, therefore, to provide training to disabled soldiers was, approximately, $35,000,000. In the Toronto district, to Aug. 31, 1920, out of cases closed 69·13 per cent. were in employment along the lines for which they had received training; 1·13 per cent., only, were unemployed at that date; the Department had been unable to trace 7·71 per cent., while 1·48 per cent. were sick or had died during the training. The remaining 20·55 per cent. were in employment along other lines than those for which they had been trained.

At Winnipeg on Nov. 16 Mr. Meighen, as Premier of Canada, received a Delegation of the G.W.V.A. who submitted five Resolutions of their Provincial organization for his consideration. It was stated (1) that prospects of unemployment amongst returned men were disquieting with current conditions requiring immediate relief; (2) that the soldiers in Winnipeg were unable to build new dwelling houses, improve existing homes or secure capital to do such work and that a system of construction and repayment under the Soldier Settlement Board was desirable; (3) that there was lack of benefits under the Pensions Act for sufferers from shell-shock and nervous diseases consequent upon war service; (4) that it hoped the Government would either cancel the Hanna C.N.R. order as to non-employment of men entering politics or compel the President of the Railways to do so; (5) that there should be a continuation and completion of Re-establishment work. In Toronto the establishment of the Westminster Hospital for nervous diseases, developed by war service, was stated at the close of the year by Dr. C. K. Clarke, Medical Director of the Canadian National Committee for Mental Hygiene, to be a great success with 365 patients on the roll: "Notable things are being accomplished, new ideals established, and everything possible being done to place the care and treatment of the nervous and mentally diseased on a scientific and humane basis."

The multifarious duties and responsibilities of the Department of Soldiers' Civil Re-establishment were well illustrated in the Report of its Minister, Sir James Lougheed, for the calendar year 1920; it showed, however, that at the end of this year the high points of work and action had been reached with demobilization of various branches under way. E. H. Scammell, Assistant Deputy-Minister and Secretary, pointed out certain facts to this date. The number of men for whom employment had been found was 109,493. In many instances more than one situation had to be obtained, the total number of situations being 175,157 or 159·9 per cent. when compared with the total number of men placed. In addition, 1,218,472 enquiries on various subjects were dealt with by the Information and Service Branch which, also, issued all certificates in connection with the Federal Emergency Appropriation.

The Vocational Branch, to the date of this Report, had accepted 50,521 men for training, including 11,574 minors; in February, there were 26,022 men in its classes or otherwise on its strength for training. This number had now decreased to 4,714. The Treatment Branch had not shown an appreciable decrease in its work. In February, 1920, there were 9,755 patients on the strength for treatment, while, in addition, clinical treatments were being provided for 13,891 per week. On Dec. 31, 1920, the number of patients being dealt with was: On strength, 6,431; Clinical treatments per week, 7,078. The total expenditures of the Department from the inception of the Military Hospitals Commission, for the 66 months ending Dec. 31, 1920, was $95,097,771 of which $19,647,503 went to Hospitals, Sanatoria and care of Patients; $10,851,832 to Vocational Training; $37,598,632 to ordinary treatment and training; and the balance to buildings, equipment, administration, etc. On Mch. 19 the retirement was announced of F. Gerald Robinson, Deputy-Minister of the Department of Re-establishment, together with the appointment of N. F. Parkinson, Director of Vocational Training, as his successor; Ernest Flexman, D.S.O., was appointed in Mr. Parkinson's place. A number of special and elaborate reports were included in the Minister's Report.

Pensions of Soldiers and Dependents. Meanwhile, the subject of Pensions had been under constant public discussion and Government consideration. The first Canadian allowance for disability (1915) fixed the amount at $264 and the widow's pension at the same figure; in 1916, upon reconsideration by a non-party Parliamentary Committee, the rate was raised to $480 total disability and $384 to widows and widowed mothers; in 1917 an Order-in-Council again advanced the rates to $600 and $480, respectively, and on Dec. 21, 1918, a similar Order without increasing the rates, provided for the pensioning of a dependent parent at a partial rate of pension even though such parent had only been partly aided by a deceased son, while it was no longer necessary for such a parent to prove that the deceased son had been the whole or main support; an Order of Jan. 2nd, 1919, increased the allowances paid to children and, later in the year, another Parliamentary Committee recommended and Parliament approved that the pensions should be increased by way of a bonus of, approximately, 20 per cent.—making the amount for total disability $720 per annum and the pension for the widow or dependent parent $576 per annum. The rates for a wife of a disability pensioner and for certain children were also increased.

Under these increases there was a great change in the rates paid for an average family. In 1914-15 a totally disabled man, wife and three children, received $27.50 a month; in 1915-16 the same family received $37; in 1916-17 they received $58; in 1917-18 they received $82; up to Sept. 1919, they received $88; during the year Sept. 1st, 1919, to Aug. 31, 1920, they received $105. The pension for the widow was correspondingly increased. In 1915-16 a widow and three children were entitled to $37 a month; in 1916-17 to $50; in 1917-19 to $64; from Sept. 1st, 1919, to Aug. 31, 1920, to $81 a month. During 1920 the agitation amongst the G.W.V.A. and other soldier bodies for increased pensions and allowances was active. In the Commons on Mch. 15, C. G. Power (Lib.) moved a Resolution declaring for amendment of the Pension Act so as to provide that the pension of a widowed mother of a Member of the Forces who had died on active service should not be reduced on account of her income; and further that the Pension should be granted her of right whether or not there were other living children.

Mr. Power spoke briefly and was supported by Hume Cronyn and Major D. L. Redman (Unionists), A. B. Copp and O. Turgeon (Liberals), W. F. Cockshutt (Cons.), Lieut.-Col. C. W. Peck, V.C., D.S.O., and T. W. Caldwell (Agrarian). Hon. Mr. Rowell, President of the Privy Council, followed and stated that there would be a Special Committee appointed to consider this and other matters of Reconstruction. This was done on Mch. 22 with 24 members and Hume Cronyn as Chairman; the Report was submitted on June 22, and stated that the recommendations of a similar Committee in the 1919 Session had increased Canada's annual liability under the Pension Act by $8,000,000 and that the new recommendations to be made would add a similar amount to the nation's payments: "The number of disability pensioners at the end of the fiscal year was 69,583; if we add to these the dependent pensioners, the wives and children of disability pensioners and the children of widows, we find the total number of beneficiaries to be 177,035. The amount which will be paid to these pensioners for a period of 12 months on the present scale is estimated at over $25,000,000. If we add to this sum the increases suggested we find our annual pension bill totals about $33,000,000."

It was suggested that a bonus of 50 per cent. be granted based upon the permanent figures which were arrived at in 1917, and the bonus recommended was to be calculated upon the pensions then fixed—the result being that a totally disabled member of the rank and file—whose pension in 1917 was $600—would receive $300 additional, or $900 in all. The bonus was supplementary to the 20 per cent. bonus of 1919 which it was recommended should be continued another year—in order to meet the still increasing cost of living. In connection with the position of widowed mothers, the Committee felt a change in the law was called for, and recommended that the advantage of free lodgings should not be counted against the pensioner nor, so long as she resided in Canada, should her pension be reduced because of her income from outside sources, unless that income exceeded the sum of $20 a month. The Report then compared rates in Canada, under the new proposals, with those of other countries:

Country	Single man	Man and wife	Man, wife and child	Man, wife and 2 children	Man, wife and 3 children	Each Additional child
Canada	$ 900.00	$1,200.00	$1,380.00	$1,524.00	$1,644.00	$120.00
Great Britain....	506.13	632.66	727.56	803.46	879.42	75.92
Australia	379.60	569.40	695.93	790.74	854.01	63.26
New Zealand ..	506.13	759.20	885.73	1,012.25	1,138.80	126.53
South Africa	379.60	506.13	601.12	685.36	759.20	63.26
United States ..	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	NIL
France	480.00	480.00	540.00	600.00	660.00	60.00
Italy	243.33	291.99	318.75	345.51	372.27	26.76

A strong recommendation of the Committee was to establish Life insurance for returned and disabled men—protecting the family of such a man from accident or ordinary illness. The Insurance was to be granted without medical examination and therefore would be open to everyone, irrespective of his or her state of health. The rates of premium, though based on a recognized table of mortality, would be slightly lower than those quoted by any regular line Insurance Company owing to the absence of commissions or cost of administration; in case of absolute disablement the ensured would receive the face value of the policy with interest in 20 annual installments; the policies could not be assigned as collateral security and the moneys would be secured from creditors. Following a short debate and the adoption of the Report, Sir Robert Borden presented amendments to the Pension Act embodying such recommendations as came within its purview and they passed in due course. On June 23 the 2nd reading of Hon. J. A. Calder's Bill to provide for the Insurance of the returned soldiers by the Dominion of Canada was discussed. It was to apply to soldiers, sailors, nurses and the widows of those killed in action; if the deceased soldier after insurance, should be subject to pension, his heirs would only be paid the latter; two years was the limit under which advantage could be taken of the Act. The Bill passed with little opposition.

Incidents of the year in this connection included the closing in March and April of all the small offices of the Pension Board throughout the country and arrangements for medical examination of pensioners at various centres throughout the country by means of a travelling Medical Board; an interesting comment which aroused much criticism in the press was a statement by Brig.-Gen. H. H. McLean, M.P., before the Special Committee on May 3rd in which he said that the widows or dependents of returned soldiers should be encouraged to work, when able, and that the average wife of a private was of the servant class before marriage. Telegrams and protests were received at Ottawa from branches of the G. W. V. A. all over the country and Col. C. W. Peck, V.C., with Col. R. C. Cooper, resigned from the Committee. General McLean denied making the statement in the form quoted or with the meaning conveyed; others maintained that he did so and there the matter rested.

In a speech at Ottawa on June 25 Lieut.-Col. J. W. Margeson, Member of the Board of Pension Commissioners and President of the Ottawa G. W. V. A., denounced agitators who "stand on the street corners and shout that they are being unfairly treated." He declared that he had no sympathy for the man who was 100 per cent. physically fit, who cried for cash and believed that, because he served with the Expeditionary force, he was entitled to a living for the rest of his days. He stated that the Board was acting as agent for the payment of pensions to Imperial veterans, for the Mother Country, while the Dominion Government was now paying pensions to veterans living in 21 countries and in every state of the United States. Further, the Board was looking after payments to veterans of previous wars, nursing sisters, Indian civil servants, former members of the Irish Constabulary and others. The Pension Board staff originally consisted of 34 employees and it had reached the 1,300 mark but this figure had recently been reduced to 1,001. During the fiscal year 1920, 37,482 persons had been awarded pensions and 38,539 applicants refused. Only 4·4 per cent. of all pensioners were officers.

The total yearly pension liability at this time, said Col. Margeson, was $25,406,904: "The total number of disabilities under pension on Mch. 31 were 69,583, while their wives totalled 29,313 and their other dependents 42,658, making 141,554 for whom $14,305,441 was paid during the fiscal year. The pensions included 10,371 widows and 17,293 children." Under the legislation of this year a totally disabled man, wife and three children received from Sept. 1st, 1920, $127 a month, if resident in Canada, and $122 a month if living outside of Canada. A widow received after that date $97 a month if resident in Canada and $85 a month if living out of the country. On Dec. 11, in reply to allegations of the Grand Army of United Veterans, to the effect that Canadian pensions were smaller than those of other countries, notably the United States, the Board of Pensions Commissioners issued a comparative statement in the matter and concluded: "Taken as a whole, Canadian pensions are certainly higher, and Canadian pension laws are broader in their scope, than those of any other country." It may be added that, up to Mch. 31, 1920, there had been paid out in Pensions a total of $49,607,055.

The Land Settlement Board. The Hon. Arthur Meighen, as Minister of the Interior up to the middle of 1920 had under his Department the Land Settlement Board which had been organized under the Soldiers' Settlement Acts of 1917 and 1919 and which, by Mch. 31, 1920, had approved monetary loans to returned soldiers totalling $48,000,000 (with further commitments of $10,000,000) for the specific purpose of purchasing farms and the necessary livestock and agricultural implements with facilities for the erection of permanent buildings. It was described by an enthusiastic commentator as "the largest real-estate and loan business in Canada if not in the British Empire." Mr. Meighen stated in the Commons on June 7 that the Board had nearly 16,000 men to supervise after location, settlement, and financial arrangements had been made; the loans averaged from $3,000 to $3,500 and the average advance per acre ran from $16.69 in New Brunswick to $18.00 in Saskatchewan, $24.42 in

Quebec, $33.02 in Ontario, to $53.80 in British Columbia. By the beginning of 1920, 13 per cent. or 44,000 of the repatriated members of the C. E. F. had applied for the benefits of the Act; of these over 33,000 were qualified agriculturally to go on the land but a large number were working on farms to gain extra experience and others were looking for suitable locations.

There were, at this time, 19 district offices of the Board at convenient points throughout the country with about 1,300 men and women—mostly of war service—carrying on the work. Besides the purchasing of private land for returned soldiers and the granting of free land the Board, through its agents, did a large business in procuring horses, cattle and other livestock, agricultural implements, lumber and other farm necessities which were re-sold to soldier settlers, at cost, under agreement which protected the property of the public until it was paid for. The Board also provided for the training of those who were not yet sufficiently equipped to take up farms of their own. Eight Indian reserves, aggregating 68,000 acres, had been made available for the soldier settlers and over 100,000 acres of Hudson's Bay Co. reserve lands were handed over to the Board during 1920—together with 10,000 acres of Doukhobour reserves near Kamsack, Sask.

In Parliament, Hon. Mr. Meighen carried amendments to the Act during April which defined the status of women as limited under the Act to those who belonged to the C.E.F. as nurses, etc., and enabled the Board to give special advantages to settlers who took up unimproved land, as distinguished from settlers who went at once upon improved land. The measure also made easier the terms of repayment of loans granted to the soldier settler, for the buying of stock and equipment, by extending the period for repayment from four to six year. Settlement upon unimproved land was encouraged by giving this settler two years' exemption from payment either of interest, or principal of stock or equipment loans, for two years and of interest for one year thereafter. Those settled on improved lands commenced payment of interest, and payment on principal, after the two years' exemption. On May 7 the Minister told the House that the total number of applicants under the Act had risen to 50,423 by Mch. 31, 1920, and that 36,830 men had been accepted as settlers with commitments of $58,741,605 and 15,234 men actually settled on the land. Particulars were stated as follows:

Provinces	Settlers	Loans &c.	Provinces	Settlers	Loans &c.
Alberta	4,603	$17,059,331	Quebec	362	$ 1,573,081
Saskatchewan	3,117	12,257,766	New Brunswick	410	1,105,325
British Columbia	2,555	10,728,388	Nova Scotia	319	981,581
Manitoba	2,525	9,789,686	P. E. Island	234	585,175
Ontario	1,109	4,778,736			

Of the monetary grants $32,173,776 were for Loans against purchased lands, $1,834,157 to remove encumbrances, $6,502,435 for permanent improvements and $18,348,701 as advances for stock and equipment. The terms, as respected land and improvement advances, were repayment in 25 years, with interest at 5 per cent. amortised. The terms of advances for stock and equipment were six years, with freedom from interest for two years. The Board advances, in respect of land security, ran up to $4,500, and to 90 per cent. of the appraised value of the land, with power, in certain special cases defined by the Act, to advance up to 100 per cent. There was a Home Branch to the Board under charge of Mrs. Muldrew who looked after and helped to train the wives of the settlers; the year 1919-20 was the first under which repayments were due and Mr. Meighen stated that of the money that became due, $34,307 in all, $11,911 was paid, and extensions were granted and re-arrangements made covering $12,623. Speakers who followed the Minister gave high praise to his administration of the Act and to W. J. Black, the efficient Chairman of the Board.

There were some complaints against the operations of the Board and the Minister and, in one case, the Great War Veterans' Association of Canada passed a Resolution (Mch. 24, 1920) declaring the Board's regulations to be "unnecessarily rigorous and designed for idealistic conditions which do not exist," criticizing it for alleged inefficiency and asking for a re-organization. In the Commons on May 7, Mr. Meighen charged Thomas Dace of Edmonton, a former employee of the Board and the Alberta member of the G. W. V. A. Executive, with having misinformed the Association in the matter and engineered the Resolution accordingly; Mr. Dace instituted an action for $10,000 damages on May 27 and the Minister wrote to Mr. Cronyn, Chairman of the Re-establishment Committee of the House, to whom some alleged proofs had been sent, describing them as the usual kind of thing which all bodies handling large interests had to receive and investigate in the usual way, but adding, that if the "charges" were thought worth while he would welcome an enquiry, and indeed, a full investigation. This was not considered necessary and the suit was not pressed during the year. As a matter of fact, the G.W.V.A. did not include this Resolution amongst those given in the official report of the Convention—*The Veteran*, April, 1920; they did include a varied number of things asked for in respect to the Land Settlement policy. Summarized, these called for:

1. Insurance for the married settler who borrowed from the Board for an amount equal to his loan.
2. The appointment of a staff of Veterinary Surgeons who should inspect the stock of soldier settlers at least semi-annually.
3. The exemption from interest on stock and equipment of all soldier settlers for a period of two years, and the granting of a three-year period before making the first payment.

4. The opening of the Settlement scheme to all men honourably discharged regardless of place of service.
5. The employment, as far as possible, of returned soldiers as valuators and the making of provision for the breaking of wild land.
6. The classification of Soldier settlers according to ability and qualification and not according to age.
7. The re-classification and re-inspection by experts of all leased lands.
8. The eligibilty of all returned soldiers for the grant of 160 acres of free land irrespective of present holdings under the Act.
9. The elimination of the 10 per cent. cash requirement and arrangement for active service to be taken as equivalent to residence duties.
10. The adequate assistance for ranch settlers and a grant to soldier farmers in the drought areas until they could harvest a crop.
11. The placing on an equal basis of British soldier farmers with men of the C. E. F.
12. The increasing of the loan for permanent improvements from $1,000 to $2,500.
13. The payment of soldier settlers, pursuing training with successful farmers, at the same rate as vocational training students.
14. The employment of a more efficient staff whose efficiency should not be sacrificed to inadequate remuneration.

On the retirement of Dr. W. J. Black as Chairman to take a political position at Ottawa, Major John Barnett was appointed his successor after a year's service with the Board. According to official reports issued for Nov. 1st the amount of interest and principal due on that date to the Board from its settlers was $222,675 and the payments made by Nov. 14 were $220,772—part of it being payments of entire loan. On Dec. 19 the general position of the Board was stated at Ottawa for the date of Nov. 23, 1920, as including $80,042,043 of loans to returned men with 19,879 applications received from 58,811 men and 41,906 of these accepted. The Board had purchased, for returned soldiers, stock and equipment of an aggregate value of $22,619,758 and by Provinces the number of settlers and total of loans were as follows: P. E. Island, 303 settlers, $814,957; Nova Scotia, 395 settlers, $1,287,920; New Brunswick, 505 settlers, $1,449,704; Quebec, 459 settlers, $6,064,402; Ontario, 1,403 settlers, $1,899,434; Manitoba, 3,289 settlers, $13,267,826; Saskatchewan, 4,875 settlers, $19,842,091; Alberta, 5,710 settlers, $22,829,040; British Columbia, 2,941 settlers, $12,957,021.

The Militia Department in 1920; Re-Organization of the Militia.

The most important problem facing the Hon. Hugh Guthrie when he took over this Department early in the year from General Mewburn, was the continuance of re-organization following the War. During that period the Militia had, practically, been absorbed into the C. E. F.; the question now was to get a reasonable portion of the Army back into the Militia. There were several obstacles in the path—the difficulty of incorporating War Battalions with well-known local Regiments, the desire of so many officers and men from active service to forget the horrors and hardships of war for awhile, the increased love of peace in the abstract which was so natural at this time but which was prone to develop the line of thought indicated in the *Farmers' Sun* of Jan. 31, 1920: "The Ottawa authorities may as well realize, first as last, that Canada is not going to stand for the wholesale expenditure of large sums of money for military and naval purposes. The people of this country do not propose to submit to the god of militarism. We have just fought a five years' war in order to make wars to cease."

In Parliament on June 16-17 there was a vigorous debate on Militia estimates with considerable Liberal and Agrarian criticism of expenditures. The Hon. Mr. Guthrie, in presenting the Estimates, stated the total at $12,500,000 for 1921-22 as against $8,369,000 for the year 1920-21; this increase, he explained was due to the post-war increases in the cost of everything and the enlargement of the Permanent Force. The Minister referred to the 1919 authorized increase in this Force to 10,000 and the Government's effort to place it on a 5,000 basis with only 3,555 as yet recruited. He was disappointed at this result but felt that a change would come when war experiences had faded a little from personal memories. After a detailed explanation of conditions he was followed by the Opposition leader, Mr. Mackenzie King, who deprecated any increase of this character: "The Minister seems to think that at the present time we ought to vote an amount at least equal to amounts that were being voted prior to the War. That is where I take direct issue with him. Conditions are wholly different to-day; there is no world menace. Where does the Minister expect invasion from? The Minister says that this expenditure is needed for the defence of Canada—defence against whom?" In any case he maintained that during the completion of Demobilization—for which $38,463,400 was appropriated—expenditures upon the Militia should be reduced and not increased. He declared that there was really a Military budget of large proportions—in addition to the $109,842,676 entailed upon the country for Pensions, Re-Establishment and Land Settlement—as follows:

Demobilization appropriation	$38,463,400
Main Militia Estimates	12,498,506
Mounted Police	4,674,066
Barracks for Mounted Police	500,000
Barracks for Permanent Force	2,000,000
Naval Service	300,000
Supply vote for Naval Service...............	2,200,000
Total	$60,635,972

The reduction of the Permanent Force to 1,000 was suggested and elimination of the vote for Barracks; he urged that no more be voted to the Militia than was granted the preceding year. The Hon. T. A. Crerar took a somewhat similar position: "I would like to see Canada set an example to the world, even if we are only a small country numerically, by keeping away from increased military expenditures. Let us see if we cannot get along, for a few years at any rate, without any additional expenditure." Roch Lanctot and J. E. D'Anjou joined in the protest as did Joseph Archambault and Lucien Cannon and Michael Clark; Ernest Lapointe declared that the people everywhere were opposed to any increase. In his reply Mr. Guthrie explained the expenditures as essential to the Government's policy which was to re-organize and re-establish a reasonable Militia force; he pointed out that this year the rural corps would not be trained and only 43,687 men would go to camp as against 72,000 in pre-war years. As to the rest: "Is it not well known that every year we abandon training we lose so much efficiency in our force? If you abandon Militia training for two, three, or four years consecutively, I would not be surprised if it took 10 to 15 years to raise a new Militia force. . . . Our programme is modest, and our expenditure is modest. It is a duty we have to perform, and it is one of those duties that we ought to face with a smile."

On the following day there was further discussion upon the proposed expenditures for Cadet corps. The Minister of Militia had included in his estimates a vote of $390,000 for Cadet services in place of the $100,000 asked for the previous year; he explained that it was the intention to train school teachers so that they could, in time, train their pupils: "The Cadet corps are divided into three classes: (1) those composed of pupils in attendance at colleges and schools controlled by the Government of the Province in which such institutions are situated; (2) those composed of pupils in attendance at colleges and schools not under Government control; and (3) those composed of lads who, with the permission of their parents or guardians, prefer to join a corps unconnected with any educational establishment." The drill inspectors were paid, the cadets were allowed $1.25 for uniform, the camps were for 6 days and usually held in August; there were recruited during the War, Mr. Guthrie stated, 44,306 young soldiers from the Cadet corps.

D. D. McKenzie (Lib.) opposed the grant as extravagance and claimed that the War had proved the value of men from the field or the work-bench as just as great as that of the trained men; A. R. McMaster (Lib.) would have money spent for health but not for "training men to kill each other," and was opposed to any development of military thought in the mind of boys; H. H. Stevens (Cons.) responded with a picture of an unprepared France falling before the German menace if these ideas had prevailed there and described the Cadet corps as giving splendid discipline, education and training to boys of 12 or 14; General W. A. Griesbach, J. W. Edwards, Capt. Peter McGibbon, M.C., and others denounced Pacifism as really productive of war. Objection was also taken to the expenditures on Arsenals and Mr. Mackenzie King moved the reduction of certain estimates as to contingencies—explaining that the criticism was not directed against "reasonable expeditures for proper Militia purposes," but against what seemed unnecessary expenditures. The motion was lost. On the other hand, an effort was made in the House to obtain support for a system described in the following extracts from a long Resolution presented by Major H. M. Mowat, K.C., on Mch. 31:

> That it is expedient that the men of Canada between the ages of 18 and 25, other than those who are crippled and infirm, should receive physical training to increase their ability in civil and industrial life, and to fit them to defend their country against invasion or aggression and that for this purpose the Department of Militia and Defence should organize training schools and camps so that all such men should have an opportunity of putting in 4 weeks' time annually for training for 7 years, with the option of increasing the yearly period of training in any year so long as the training does not exceed 28 weeks of a man's life; and that National Service should be universal in a democracy and not left to whim or preference and that a volunteer system tends to produce class feeling and is unfair.

The speech was a valuable contribution to the history of military experience in various countries and to precedents which, he hoped, Canada would to some extent follow. General Griesbach strongly supported the proposal and quoted arguments from *Canada and National Service* by Colonel Hamilton Merritt, a Canadian pioneer in this advocacy; he maintained that under certain conditions war had been and always would be inevitable. M. R. Blake supported the motion and J. A. Maharg opposed it upon the basis that "you cannot convince the people as a whole that when you undertake a system of universal training you have not in contemplation the possibility of war sooner or later;" Major G. W. Andrews, D.S.O., opposed it as not necessary for another decade anyway; Hon. H. S. Béland disagreed with both the spirit and principle of the motion and claimed that such training would mean 360,000 men taken, during 7 years, from economic activities with a loss to the country of $28,000,000; O. R. Gould and J. E. D'Anjou also opposed it and the debate was adjourned without resumption in this Session. During the year General Griesbach made several elaborate speeches upon the subject, Mr. Mowat continued his advocacy and the general idea had the support of Brig.-Gen. Alex. Ross of Edmonton, Lieut.-Col. A. T. Hunter, Toronto, Brig.-Gen. A. H. Bell, Calgary, the Hon. S. C. Mewburn, late Minister of Militia, and others. Meanwhile, the Boy Scouts and Cadet Corps and the Militia itself grew steadily in numbers.

The 1st Report of Hon. Mr. Guthrie as Minister of Militia was dated Dec. 31, 1920, for the year ending Mch. 31. In it Gen. Sir A. W. Currie, who was then Inspector-General, reported that the Permanent Corps was undergoing re-organization and that its duties were the defence of the country and support of the civil authorities: "In addition to these duties there falls to the Permanent Force the duty of being the instructors of the Active Militia, of maintaining the standard of military knowledge, and of furnishing the permanent element in the garrisons of the defended ports—Halifax and Esquimalt; which element is necessary for their protection against sudden attack, as well as for preservation of the defence works." He reported the arrival, sorting and classification of 418 cases of war records from England and much research work under way. Major-Gen. E. C. Ashton as Adjutant-General dealt with the final stages of demobilization and stated that the Cadet Corps numbered 785 with 1,636 companies and 65,440 Cadets—all under training during the year. The Minister's Report also showed the total Militia expenditure of 1919-20 as $4,634,516 which was about the average of the five years 1915-20 and compared with $9,991,817 in 1914-15 and $10,998,162 in 1913-14. The receipts were normal—$194,820 in 1919-20. The Demobilization expenses for the year ending Mch. 31, 1920, were $323,360,987; the preceding War expenditure of this Department to Mch. 31, 1919, totalled $1,205,690,983.

Maj.-Gen. Sir A. C. Macdonell, the new Commandant of the Royal Military College, reported at length as to that institution. He stated that there were 152 Cadets in attendance and that many who had distinguished themselves in the War were back at their posts in the College—notably Lieut.-Col. W. Rhoades, D.S.O., M.C.; Prof. H. J. Dawson, C.M.G., D.S.O.; Lieut.-Col. C. F. Constantine, D.S.O.; Lieut.-Col. J. A. Scroggie, D.S.O., M.C.; Lieut.-Col. A. D. Cameron, D.S.O., M.C., and Major P. Earnshaw, D.S.O., M.C. He referred to the extension of facilities to allow of 300 pupils, described the valuable physical training being given, mentioned the claim of the Cadets upon public positions, and the value of the services they could render. General Macdonell made the curious statement that in this historic institution from which hundreds of Canadian officers had gone into the British Army and fought all over the world, with 43 graduates attaining General rank in the Great War, "a tour of the buildings will show the astounding result that from front to rear, right to left, there is not a single portrait of Wolfe in the Royal Military College, nor of Brock, nor of any of the celebrated Generals who have fought in Canada to gain it for, or retain it for, the Crown." In a Toronto speech to former College Cadets (Jan. 17) the General said:

> The object of the College is to produce Canadian gentlemen. From the training point of view it is sought to make them regulate their

lives by the College motto, 'Truth, Duty, Valour', to be upright, generous, brave. Discipline, the distinguishing feature of a military education demands time and that at a tender age. I propose admitting the Cadet at an age of one year less than now prevailing. His preliminary education being in our hands, will be made more sure and uniform, and thus his development along designed lines more assured.

Meanwhile, in the House on June 7, Hon. Mr. Rowell explained the vote for the Royal Canadian Mounted Police ($4,674,066) and the present status of that Force: "The Act which was passed last year providing for the amalgamation of the Dominion Police and the R. N. W. M. P. under the name of the Royal Canadian Mounted Police has been brought into force by proclamation since last Session. That Act provided that the headquarters of the Force should be moved from Regina to Ottawa, and on 1st Feb. this year, the headquarters staff took up its work in this city. On the same day the amalgamation was completed." The existing strength of the Force was 74 officers and 1,734 men of other ranks and its duties included responsibility that the law was truly administered and enforced in the Northwest Territories, in the Yukon Territory and in the Dominion National Parks. It also discharged important duties for all branches of the Federal Government in seeing that laws were duly observed in which the Government was particularly interested—as, for instance, the public revenue, safety of Federal property, prevention of smuggling, liquor importation and transport, Indian observance of laws, international boundary matters, cattle disease regulations, alien immigration, etc.

The ensuing debate evoked from all sides praise for the past record and work of the R.N.W.M.P. together with Opposition wishes for economy and lessened expenditure—Mackenzie King pointing out that in 1910-11 the vote for this service was $753,000. Mr. Rowell made this admission: "I think that so soon as the Militia is definitely re-organized and put upon a sound basis and the Permanent Force is put in shape, so that we may return to pre-war conditions, the strength of the Mounted Police can be decreased." The last Report of the R.N.W.M.P. for the year ending Sept. 30, 1919, submitted by Commandant A. Bowen Perry, C.M.G., showed a strength of 1,200 with 8 District headquarters in the West, from Winnipeg to Dawson, and 653 men in Saskatchewan, 138 in Alberta, 106 in Manitoba and 8 in Yukon. The 1st Report of the Royal Canadian Mounted Police for the year ending Sept. 30, 1920, was submitted under charge of Hon. J. A. Calder, President of the Privy Council, by Lieut.-Col Perry as Commander. It stated that the new name and organization of the Royal North-West Mounted Police had come into operation on Feb. 1st, 1920, that its strength on Sept. 30 was 1,671 all ranks and 942 horses, that there were 3 detachments in Quebec, 10 in Ontario, 15 in Manitoba, 26 in Saskatchewan, 29 in Alberta, 27 in British Columbia, 12 in the Yukon and 5 in the

Northwest Territory; that, during the year, 10,808 investigations had been conducted by the Force; that H.R.H. the Prince of Wales had accepted the position of Honourary Commandant of the Force.

Militia re-organization proceeded steadily during 1920. Under General Orders issued in 1919 the Permanent Force was constituted with the Royal Canadian Dragoons, Lord Strathcona's Horse, Royal Canadian Artillery, Royal Canadian Engineers, Royal Canadian Regiment and Princess Patricia's Canadian Light Infantry as the chief units; with them were Army Service, Medical, Veterinary, Ordnance and Pay Corps, Musketry, Signalling and other services; the number fixed was 5,000 men and 399 officers. Under G. O. of Mch. 15, 1920, the Artillery was reconstituted with headquarters of units at Antigonish and Souris, N.S., Woodstock, Newcastle and St. John, N.B., Grenfell, Regina, Yorkton and Saskatoon in Saskatchewan, Lethbridge, Calgary and Edmonton in Alberta, and Prince Rupert, B.C. So with the Cavalry and the Active Militia units in Military District No. 3; M. D. No. 7; M. D. No. 10; M. D. No. 11; M. D. No. 12; M. D. No. 13. The old Regimental numbers were eliminated and some of the new or old designations, in which were included at least three C.E.F. Battalions, were the Kingston Regiment, the Peterborough Rangers, the Winnipeg Rifles, the Winnipeg Grenadiers, the Cameron Highlanders of Canada, the Winnipeg Light Infantry, the 1st British Columbia Regiment, the Canadian Scottish Regiment, the South and North Saskatchewan Regiments, the Edmonton, Calgary and Alberta Regiments.

G. O. of April 1st dealt with Military Districts I, IV, V, VI, and re-organized the famous 22nd Regiment; others were the Victoria Rifles of Canada and the Royal Highlanders of Canada. G. O. of May 1st dealt with District No. 2 and included the Queen's Own Rifles of Canada, the Royal Grenadiers, Toronto, the Royal Hamilton Regiment, the Peel Regiment, the Essex Fusiliers, the Western Ontario Regiment, the Dufferin Rifles of Canada and the Toronto Regiment which included the famous 3rd Battalion. The notable features in these changes were the elimination of the old Militia numbers and the inclusion of one or more C.E.F. Battalions under their War names—usually two and frequently three—in each of the new Regiments. Territorial names for the latter were usually chosen. No doubt Sir Arthur Currie had much to do with the re-organization though he did not appear altogether satisfied with it.

Amongst the recommendations which he favoured was the formation of a National Committee of Defence composed of the Prime Minister, Ministers of Finance and Militia, Chiefs of Staff in the Militia, Naval and Air Forces, the appointment of a permanent Parliamentary Committee to study Military questions and advise Parliament thereon, the union of Militia, Naval and Air forces under a Minister of Defence.* During the year there were obvious efforts at economy by the Government in Militia matters. In May it was announced that the Department would dispense with the services of the paid Adjutant and Headquarters staffs which had been employed throughout Canada in the re-organization of the Active Militia and, a little later, it was stated that there would be no military surveys during the year and that for the present the important preparation of ordnance maps would cease. Meantime, there had occurred the retirement of General Sir Arthur Currie, K.C.B., G.C.M.G., from the post of Inspector-General of the Forces and Military Counsellor to accept the Principalship of McGill University; on Aug. 18 it was announced that Maj.-Gen. Sir H. E. Burstall, K.C.B., K.C.M.G., A.D.C., would succeed to the position with the rank of Lieut.-General. The re-organized Militia Council was as follows: Chief of General Staff, Maj.-Gen. J. H. McBrien, C.B., C.M.G., D.S.O.; Quartermaster-General, Maj.-Gen. E. C. Ashton, C.M.G.; Adjutant-General, Maj.-Gen J. H. Elmsley, C.B., C.M.G., D.S.O.; Quartermaster-General of the Ordnance, Maj.-Gen. Sir E. W. B. Morrison, K.C.M.G., C.B., D.S.O. Other important appointments of a Military character during the year were as follows:

Appointments to Permanent Force, Staff and Militia

G.O.C. Military District No. 12	Brig.-Gen. D. M. Ormand, C M.G., D.S.O.
G.O.C. Military District No. 2	Maj.-Gen V. A. S. Williams, C.M.G.
G.O.C. Military District No. 3	Maj.-Gen. J. H. Elmsley, C.B., C.M.G., D.S.O.
G.O.C. Military District No. 4	Brig.-Gen. C. J Armstrong, C.B., C.M.O
G.O.C. Military District No. 11	Brig.-Gen. J. M Ross, C.M.G., D.S.O
Chief Staff Officer, Headquarters	Lieut.-Col. H. D. G. Crerar, D.S O.
Director of Cadet Services	Lieut.-Col. H. S. Hill.
Assistant Director of Organization	Lieut.-Col. H. J. Coghill.
Hon. Colonel, 1st Motor Brigade	Brig.-Gen. R. Brutinel, C.B., C.M.G., D.S.O.
Hon. Colonel, 7th Hussars	Maj -Gen. the Rt. Hon. J. E. B. Seely, C.B., C.M.G., D.S.O.
Judge-Advocate-General	Major R. J. Orde.
Director of Military Training and Staff Duties	Col. A. G. L. MacNaughton.
Commander, Royal Canadian Artillery	Colonel A. T. Ogilvie, D.S.O.
Superintendent, Dominion Arsenal Quebec	Lieut.-Col. Count de Bury and de Bocarme.
Director of Pay Services	Colonel J. L. Regan, C.M.G.
Major-General on Retirement	Brig.-Gen. Sir Alex. Bertram, KNT.
Acting Deputy Inspector-General	Maj.-Gen. H. M. Elliot, C.M.G., R.E.
Assisstant Adjutant and Quartermaster-General,	
Military District No. 10	Col. G. Godson-Godson, D.S.O., D.C.M., A.D.C.
Military District No. 1	Lieut.-Col. F. B. Ware, D.S.O.
Military District No. 2	Lieut.-Col. R. J. Brook, C.B.E., D.S.O.
Military District No. 3	Brig.-Gen. F. W Hill, C.M.G., D.S.O.
Military District No. 12	Lieut.-Col. F. W. L. Moore.
Military District No. 7	Lieut.-Col. A. H. H. Powell.
General Staff Officer, M.D. No. 13	Lieut.-Col. G. R. Pearkes, V.C., D.S.O., M.C.
General Staff Officer, M.D. No. 12	Colonel J. L. R. Parsons, C.M.G , D.S.O , A.D.C.
General Staff Officer, M.D. No. 2	Lieut.-Col. H. E. Boak, D.S.O.

Military incidents of the year included the selection of the Bisley Team for 1920, as announced on June 9, under command of Lieut.-Col. R. M. Beckett of Quebec and which sailed on June 12—it shared in the second meet since 1914 beginning on July 6 and the members shot well but did not win any notable prize; the annual meeting at Ottawa on Feb. 26 of the Canadian Artillery Association and election of Maj.-Gen. Sir Edward Morrison as President and Lieut.-Col. J. J. Creelman, D.S.O., as

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*Note—Interview in Toronto *Daily Star* of Nov. 17th.

Chairman of Executive; the organization at Edmonton on Mch. 8 of an Alberta Military Institute with Colonel E. G. Sanders, D.S.O. as President; the election, during the year of Lieut.-Col. William Hendrie, Hamilton, as President of the Canadian Military Institute, of Maj.-Gen E. W. Wilson, C.M.G., Montreal, as President of the Dominion Rifle Association with representative military officers as Vice-Presidents from all Provinces, of Lieut.-Col. C. M. Edwards, D.S.O., as President of the Canada Rifle League. In the process of Militia re-organization provisional Commanders for purposes of organization were appointed in command of nearly all the old Militia regiments. Most of these men, naturally, were of war experience and many of them remained in permanent command. The following is a list of permanent appointments—with the names of the re-organized regiments as recorded in General Orders of the Department:

To Command Re-organized Regiments of the Militia

The Sherbrooke Regiment	Lieut.-Col. E. B. Worthington, D.S.O.
The New Brunswick Rangers	Lieut.-Col. S. S. Wetmore
The Edmonton Regiment	Lieut.-Col. F. C. Jamieson.
The Canadian Light Horse	Lieut.-Col. A. G. Wolley-Dod.
Winnipeg Light Infantry	Lieut.-Col. D McLean
The Northumberland Regiment	Lieut.-Col. F. D. Boggs
The Canadian Grenadier Guards	Colonel F. S Meighen, C.M.G.
The Victoria Rifles	Lieut -Col. W. W. Burland, C.M.G.
Dufferin Rifles of Canada	Colonel M. A. Colquhoun, C.M.G., D.S.O.
Saskatchewan Mounted Rifles	Lieut.-Col. B. Laws, D.S.O.
Princess Louise Fusiliers	Lieut.-Col. A. W. P. Weston.
Irish Fusiliers of Canada	Lieut -Col. E. J. W. Ryan, D.S.O.
7th Hussars	Lieut.-Col. E. A. Williams
The Huron Regiment	Lieut.-Col. H. B. Combe.
The Halifax Rifles	Lieut.-Col. F. W. W. Doane
The Fort Garry Horse	Lieut.-Col. P. J. Montague, C.M.G., D.S.O., M.C.
The Alberta Regiment	Lieut.-Col. Nelson Spencer
The New Brunswick Dragoons	Lieut -Col. C. H. McLean, D.S.O.
The Perth Regiment	Lieut.-Col. J. L. Youngs, M.C.
19th Alberta Dragoons	Lieut.-Col. C. Y. Weaver, D.S.O.
Stormont and Glengarry Regiment	Lieut.-Col. W. H. Magwood.
The Picton Regiment	Lieut.-Col. S. G. Robertson, C.B.E.
The Winnipeg Grenadiers	Lieut.-Col. S. McClelland.
Royal Montreal Regiment	Lieut.-Col. C. B. Price, D.S.O., D.C.M.
The Frontenac Regiment	Lieut.-Col. A. W. Gray.
Les Carabiniers de Sherbrooke	Lieut.-Col. V. E. Rioux.
The Peterborough Rangers	Lieut.-Col. E. B. Clegg.
The Ottawa Regiment	Lieut.-Col. C. M. Edwards, D.S.O., A.D.C.
The Western Ontario Regiment	Lieut.-Col. G. E. Reid, D.S.O.
22nd Regiment	Lieut.-Col. Henri Chassé, D.S.O, M.C.
The St. John Fusiliers	Lieut.-Col. A. McMillau, D.S.O.
The Kingston Regiment	Lieut -Col. H. E. Pense, D.S.O., M.C.
The Royal Canadian Dragoons	Lieut.-Col. F. Gilman, D.S.O.
Princess Patricia's Canadian Light Infantry	Lieut.-Col. C. R. E. Willetts, D.S.O.
Argyll and Sutherland Highlanders	Lieut.-Col. H. L. Roberts.
The Lambton Regiment	Lieut.-Col. W. M MacVicar.
The North Waterloo Regiment	Lieut.-Col. W. M. O Lochead.
Eastern Township Mounted Rifles	Lieut.-Col. J. R. Wilcox.
6th Quebec and Levis Regiment	Lieut.-Col. T. A. Vien.
Les Voltiguers de Quebec	Lieut.-Col. C. A. Chauveau.
Lincoln and Welland Regiment	Lieut.-Col. C. H. Vandersluys, D.S.O.
Le Regiment de Quebec	Lieut.-Col. J. F. T. Rinfret.
The Cumberland Regiment	Lieut.-Col. C. E. Bent, C.M.G., D.S.O.
The Royal Rifles of Canada	Lieut.-Col. R. M Beckett.
The British Columbia Mounted Rifles	Lieut.-Col. G. C. Johnstou, D.S.O., M.C.
Les Chasseurs Canadiens	Lieut.-Col. H. A. Leblanc.
The York Rangers	Lieut.-Col. A. T. Hunter.
The Oxford Rifles	Lieut.-Col. F. O. Burgess
The Wentworth Regiment	Lieut.-Col. E. W. Clifford.
The Brockville Rifles	Lieut.-Col. M. W. MacDowell, M.C.
Cape Breton Highlanders	Lieut.-Col. G. M. Matheson, D.S.O., M.C., M.M.
Duke of York's Royal Canadian Hussars	Lieut.-Col. J. R. White, D.S.O.
4th Hussars	Lieut.-Col. R. M. Van Luven.
5th British Columbia Light Horse	Lieut.-Col. C. L. Flick, C.M.G., C.B.E.
The Winnipeg Rifles	Lieut.-Col. A. W. Morley

The Minister of Labour and Government Policy Toward the Workers.

The Hon. G. D. Robertson as Minister of Labour had, in 1920, most efficient aids to administration in the publications of his Department. The *Labour Gazette*, a monthly record of conditions and Labour problems and the valuable annual Report as to Labour Organization in Canada which covered every phase of the question as it touched Dominion interests and was issued under direction of F. A. Acland, Deputy Minister of Labour, were the chief of these. Senator Robertson, himself, was cautious at times and aggressive at others; his policy appeared to result in a minimum of friction between employees and the Government representing the public as a whole. On Jan. 8 the Executive of the Canadian Trades and Labour Congress and other Labour officials waited upon the Government and were received by Sir George Foster as Acting Premier, Senator Robertson and other Ministers. Tom Moore, President, presented the Resolutions and views of the Congress and the following were, in summarized form, the chief requests submitted:

1. Legislation for an 8-hour day and a 44-hour week with establishment of a minimum wage adequate to insure a fair standard of living.
2. Repeal of recent amendments to the Criminal Code, imposing heavy fines for possession of certain literature.
3. Action to restore to all workers the absolute right to organize.
4. Encouragement of the principle of collective bargaining.
5. Assistance and encouragement to the formation of Co-operative societies with a view to reducing the cost of living and the enactment of legislation to make the incorporation of such societies easy.
6. Revision of the machinery for investigation and arbitration of industrial disputes.
7. Proportional representation.
8. Immigration—(1) appointment of a representative of organized workers along with others on a Central Empire Board; (2) revision of the present method of admitting Orientals by either total exclusion or International arrangement and limiting the number to one per 1,000 of population; (3) elimination of any system of bonus for the introduction of industrial workers.
9. Application of the right to organize to Government employees.
10. Recognition of the principle of collective bargaining by its institution in Government Departments, wherever practicable, with Government initiative in establishing Councils in industries recognizing trade unions.

The reply to 26 questions which, in all, were presented, was received by the Congress officials on Mch 4. In it the Government stated that the general right of industrial workers to organize was admitted but that, as to Government employees, the matter was different: "There is no incentive from the standpoint of money profit to impose unfair or onerous working conditions or rates of pay. Parliament, representing all the people, labour included, has made provision for the fair determination of any grievances. It cannot be conceded that Public Service employees shall be subject to control of any organization or federation of industrial workers and be thereby involved in industrial disputes." As to collective bargaining, the Government stated that: "In the administration of the Department of Labour, the Minister of that Department has on more than one occasion recognized the wisdom, on the part of both employers and employees, whether individual cases or as groups within a given industry, of meeting together and negotiating with a view to the settlement of differences existing between them."

To the requests regarding an 8-hour day, etc., reference was made to the Peace Treaty and Washington Conference decisions as to an 8-hour day and 48-hour week: "It is our firm purpose to give legal adhesion to the terms so agreed upon. The necessity in this connection of having regard to the progress made to this end by other countries, must be apparent to all. The further question as to whether the necessary legislation is within the jurisdiction of the Federal Parliament of Canada or of the Provincial Legislatures, is now being investigated with a view of reaching an understanding with the Provinces on this subject." Respecting other matters, the Government stated that restrictive immigration regulations were already in effect and asked for suggestions from the Labour Congress on Co-operative legislation, protection of union labels, violation of the fair wage clause, and changes in the Industrial Disputes Act. It was pointed out that the Federal Government had already given substantial assistance in solving the Housing problem, also that restrictive Orders-in-Council were for the disloyal, not the loyal, citizens of the country. The Government refused to place rural mail carriers under the Civil Service or to interfere in the management of the National Railways—pointing out that through their Railway unions labour could negotiate with the National Railway Board. Proportional representation would be considered.

In the Commons on Mch. 10 the subject was brought up by J. H. Burnham, seconded by H. H. Stevens, in a Resolution declaring that a national 8-hour working day should be established immediately, subject only to the right of express private contract. Edmond Proulx thought that this subject could be left to employers and employees to settle: "Labour unions are now very powerful, they can dictate their terms to their employers and, in certain industries, if an 8-hour day is sufficiently long, I think they can manage to get their requests acceded to by their employers. In certain industries ten hours would not be harder than 8 hours a day in others. Most of the industries which run night and day and which require three shifts, have adopted the 8-hour day; but where industries work only in the day-time, 8 hours would be a short day." In many branches of work it would mean decreased production and to Agriculture and other seasonal occupations would be very injurious: "Labour unions in the Province of Quebec are not in favour of the 8-hour day for all industries, although they favour it for certain industries."

H. A. Mackie pointed out that: "Long hours do not necessarily make for the greatest economy and efficiency in production and that studies of output, before and after a shortening of hours, show that where the human element enters into production, hour reductions by no means necessarily imply a decrease in output." The debate was adjourned to Mch. 15 when I. E. Argue of Swift Current spoke of the long hours of farmers and their help at certain seasons—essential in order to get the crops safely through their growth or harvest. The Hon. Mr. Rowell raised the question of the jurisdiction of Parliament or of the Provinces in this matter; under the Treaty of Versailles and League Convention policies such as this, which had been formally agreed upon, must be submitted to competent National authority subject to defined penalties of international economic boycott; if the jurisdiction under a Federal system were in the hands of the Provinces submission to their consideration would relieve the Dominion of all responsibility.

So far as the terms of the Resolution were concerned Mr. Doherty, Minister of Justice, stated that it was beyond the jurisdiction of Parliament to interfere with contracts by any assumption of an 8-hour day being meant therein—or not meant. As to the general situation, Mr. Doherty was explicit: "I understand the enactment of an 8-hour day to mean the enactment of a general law that in all contracts for the lease or hire of labour the day shall be 8-hours and no more. Eliminating all questions of carrying out Treaty obligations, my own opinion would be that Parliament has not the power to enact that legislation." On June 29 it was announced from Ottawa that the main International labour Conventions to which Dominion Government representatives had assented at Washington in Nov. 1919 were to be referred for action to the nine Provincial Governments. Decision to follow this course was reached after a ruling by the Department of Justice and chief amongst these Conventions was the 8-hour day.

Early in November, following an Order-in-Council, the Provincial Governments were, accordingly, notified that the Federal Government regarded itself, in the circumstances, as simply a channel of communication to the Provinces; as to working hours and conditions outside its own Departments, the Government held that the British North America Act constituted an insuperable bar when it vested exclusively in the Provinces all legislation regarding property and civil rights. Meanwhile, the Minister of Labour had been taking steps to carry out the Resolution of the National Industrial Conference which pointed out the desirability of creating uniformity in the Dominion and Provincial Laws relating to Labour and urged the appointment of a Board with three representatives from the Dominion and from each Province to constitute a Commission for the carrying on of this work. On April 10, upon advice of Senator Robertson, an Order-in-Council was passed making the following appointments:

Provinces Etc.	Representing Government	Representing Employers	Representing Employees
Dominion	F. A. Acland	J. B. Merrick	Tom Moore
Ontario	Dr. W. A. Riddell	Sam Harris	H. J. Halford
Nova Scotia	J. W. Macdonald	F. J. Logan	John A. Gillis
New Brunswick	Hon. C. W. Robinson	Angus McLean	Gus Longbein
Quebec	Louis O. Guyon	John Lowe	Gustave Francq
Manitoba	E. McGrath	H. B. Lyall	E. Robinson
Saskatchewan	T. M. Molloy	James Prial	Jas. Somerville
Alberta	John T. Stirling	W. F. McNeill	J. A. Kinney
British Columbia		J. J. Coughlan	J. H. McVety

At the International Seamen's Conference held in Genoa from June 15 to July 10, under the auspices of the International Labour Office, League of Nations, Canada's delegation was composed of Hon. Philippe Roy, Commissioner-General at Paris, G. J. Desbarats, C.M.G., Deputy Minister of Naval Affairs, Thomas Robb, Montreal, representing employers and J. C. Gauthier, Montreal, representing the workmen. Mr. Desbarats' report, submitted to the Department of Labour on his return, stated that 27 countries were represented including Great Britain, Australia, India and Canada with J. Havelock Wilson as one of the three Vice-Presidents and Baron Mayor des Planches of Italy as Chairman; incidentally, he pointed out that many of the questions relating to seamen affected Canada and the United States in a similar manner, that on the Great Lakes and the Boundary waters their interests, also, were very similar and that it would be difficult for Canada to adhere to a Convention containing conditions which would not be recognized by the United States.

As that country was not represented Resolutions regarding inland waters were drawn up with a view to meeting this situation. Many draft Conventions and Resolutions were approved. As to the 8-hour day, it was found that great difficulties existed as to ships and the proposed draft Convention provided that on vessels over 2,500 tons work should be organized in three watches and working hours be not more than 8 per day or 56 per week when the vessel was at sea nor more than 8 hours per day and 48 hours per week when it was in port; the question of applying similar principles to vessels up to 2,500 tons was left to each country concerned. A Committee of 30 members was appointed to deal with this particular clause—Messrs. Robb and Gauthier for Canada—but they came to a deadlock and no agreement was reached.

The 1920 Convention of the Trades and Labour Congress at Windsor (Sept. 13) had an interesting incident in an address by the Prime Minister. Mr. Meighen dealt with two points which must be referred to here. He defined the Government's Labour policy very frankly: "By the principle of equality of opportunity the present Government will steadfastly abide. Every citizen who has the energy or ambition should have a chance to earn and receive adequate compensation for service rendered. Do not forget, as well, that after compensation exceeds the value of service rendered stagnation of industry and unemployment are bound to follow." The Government's duty, he added, was to protect the whole community against dictation from any section, whether of employers or employees. His tribute to the Minister of Labour was equally explicit: "The Government has taken from the ranks of organized labour a Vice-President of one of its largest organizations and has given him Cabinet rank. Never has a Labour Minister in Canada been accorded a more generous confidence from his colleagues and a freer hand in the administration of Labour problems than has Senator Gideon Robertson. There is no Department that requires ability of a higher type. A practical labour man, for the first time in our history, has been in charge and, after two years' trial, I believe the almost universal feeling of Canada is that he has discharged his task with admirable fairness and with extreme capacity."

An important question of the year, though declining greatly in its degree of importance, since 1919, was the One Big Union or Bolshevistic element in Labour ranks and the Government's attitude toward it. Out of 378,047 members of organized Labour bodies in Canada on Dec. 31, 1919, the O.B.U. claimed to have 41,150 members; at the close of 1920 the Labour Department estimated that, out of 373,842 members of organized labour then in Canada, the O.B.U. had 5,000. Their loss of the Lumber Workers' Industrial Union, with its 20,000 members, was the chief blow received during the year. Senator Robertson's attitude had been of a determined nature from the beginning and, in 1919, he had freely denounced the organization and refused to recognize or negotiate with it in the Western coal mines' difficulty of that year.

Writing on April 8 to an O.B.U. representative at Coleman, Alta., (H. P. Hausen) the Minister reviewed the history of 1919 troubles there, the breaking of contracts by the O.B.U. and their willingness to make the people suffer through lack of coal, and added: "If labour is ever to succeed in the attainment of full recognition of its just rights, it must adopt such policies as will entitle it to the confidence and respect of both employers and the public generally and, in order to do that, it must at all times respect and fulfil obligations or contracts entered into. This is all that we ask or urge at this time." In August the Department issued a pamphlet reviewing the Red record, the policy and revolutionary plans of the Russian Soviet, and denouncing certain extreme Socialistic organizations in Canada as dangerous to the peace and welfare of the community.

Mr. Robertson told the press on Sept. 10 that the object of the Government was to meet and perhaps counteract the harmful and revolutionary literature which was being distributed throughout the country. In the document itself which described, in detail and at length, the murderous and anarchistic nature of the Lenine-Trotsky *régime*, it was pointed out that "numerous sympathizers with the communistic ideal, as experimented with in Russia, have publicly advocated a world-wide adoption of the Russian constitution. Much socialistic and revolutionary literature has been published and distributed, doubtless calculated to disturb and render discontent in the minds of people in many lands at a time when economic conditions, due to and arising out of the World War, would seem to aid in the fulfilment of that purpose." Hence the educative effort of the Department.*

Meantime, the Minister of Labour, in various speeches, had supported the Government's attitude as to Tariff protection and he had some support from Labour interests; others, however, were very strongly opposed to it. From the Free trade standpoint the Independent Labour Party in Ontario took strong ground. It was led in this matter by James Simpson though its action was opposed by Hon. W. R. Rollo, the Ontario Minister, and President of the organization, at the annual Convention in Toronto on April 2nd. The following Resolution, after long debate, was carried almost unanimously: "That this Convention favours the gradual elimination of import duties on all necessaries of life, such as food, clothing (including boots and shoes), and the tools and machinery used in production, the revenue derived from these sources to be raised by direct taxation of land values and luxuries" To this S. R. Parsons, ex-President of the Canadian Manufacturers' Association, declared on April 29 that any change approaching free trade would mean the closing of most of the American factories in Canada and that half of Canada's industrial population would be thrown out of work with at least 1,000,000 workers affected; the result of that would be such a slump in trade and prosperity that the country could not recover from it in the history of any person here today.

The Report of the Executive Committee of the Trades and Labour Congress at its Windsor meeting had a clause in this connection which was accepted with the rest of the Report. After supporting the idea of a permanent Tariff Board "on which organized Labour should have proper representation" with powers of decision similar to those of the Railway Commission the Report declared that tariff decisions should be reached

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*Note—For full details of Russian Bolshevism see *The Canadian Annual Review* of 1919.

"only after exhaustive enquiry" and then with a view to "enabling the workers to be paid proper wage standards." It then proceeded as follows: "During the past year there has been carried on a very active campaign by certain interests for the adoption of a Free trade policy in Canada. To the numbers of workers engaged by Canadian branches of United States industries and other industries claiming Tariff protection as necessary for their existence this question is a vital one." Various views were presented to the Tariff Commission of 1920. In Winnipeg, W. D. Bayley, M.L.A., wanted "to scrap the Tariff" and declared Free trade to be in the best interests of all classes; through the West an occasional Labour voice was heard along the same lines and at Trail, B.C., the local smelter employees stood for lower tariff; at Sault Ste. Marie J. L. Haining of the I. L. P. denounced the Tariff and asked for its gradual elimination as did J. J. Brothers.

In Montreal (Nov. 17) it was largely the other way and Protection was strongly supported. J. T. Foster, President of the Montreal Trades and Labour Council, claimed to represent 90 per cent. of the workmen of Canada, urged a permanent Tariff Board and declared that the workers "depend for their existence upon the development and expansion of the Canadian industrial establishments and believe it is the duty of our Government so to manage our fiscal policy that the workmen will not be compelled, through idleness in industry, to migrate to foreign lands to find employment to earn his living." David Giroux of the Canadian Federation of Labour wanted Canada to follow the policy of the Republican party in the United States which had announced that there would be a few extra spikes placed on top of the tariff wall: "In being Protectionists we are doing no more than protect our homes and our own interests." Speaking at St. Thomas, on Nov. 18, Senator Robertson advocated a policy of moderate Protection that would guarantee employment to the workers and make for the prosperity of Canada. He stated that there were over 200 branch factories of American industries in Canada, which had been started because of the Tariff and of the Preferential tariff which enabled them to export to parts of the British Empire. These factories would be closed at once if free trade was brought into effect.

The question of unemployment was much discussed during the year. According to Labour Department figures the percentage on Dec. 31, 1918, in Labour organizations only, was 2·76; on Dec. 31, 1919, it was 4·98 per cent.; on Dec. 31, 1920, it was 13·42 per cent. As to this situation, a Delegation waited on the Government (Dec. 10) and Mr. Premier Meighen stated that he had received many messages in the matter, that what was done for Toronto must be done elsewhere, that the only possible course seemed to be co-operation with the Provincial authorities.

In this connection Senator Robertson wrote on Dec. 14 to Mr. Rollo, Ontario Minister of Labour, that: "The situation should be met to the utmost possible extent by the provision of work instead of the provision of relief. In this respect the Federal Government is doing and will continue to do the utmost within its power consistent with the authority granted it by Parliament."

On Dec. 27-29 the Executive of the Employment Service Council of Canada, operating 95 employment offices throughout the country with Provincial clearing-houses for labour and a record of 501,363 persons for whom places had been found between its organization in 1918 and Mch. 31, 1920, met at Ottawa with W. B. MacCoy, K.C., in the chair, the Minister of Labour present with representatives, also, from various Departments and organizations. It heard estimates of 17,000 unemployed in Toronto and 8,000 in Vancouver though conditions were almost normal, for the time of year, in Winnipeg, Regina and Edmonton. Various suggestions and plans for inter-Provincial and Dominion co-operation in securing employment were approved and a Committee appointed to take up with the Government Departments the question of public works for relief of existing unemployment. An incident of the year under Departmental influence was the renewal of the Agreement between the Railway Association of Canada and the Railway Brotherhoods as to the continued functions of the Canadian Railway Board of Adjustment. The annual Report of the Minister for the year of Mch. 31, 1920, was prepared as to general matters by F. A. Acland, Deputy Minister, with special Reports as to Conciliation and Labour, the Industrial Disputes Investigation Act, 1907, Fair Wages policy, the Employment Offices Co-ordination Act and Technical Education.

Mr. Ballantyne and Naval Affairs; Policy of the Government

The policy of the Hon. C. C. Ballantyne in respect to shipping and ship-building has been dealt with in that general connection; his policy and that of the Government respecting Lord Jellicoe's Report and Naval plans may be touched on here. The elaborate and illuminative statement of Lord Jellicoe was given in the 1919 volume of this work as being dated on the last day of that year; all that need be said here is that it was submitted to Parliament by Mr. Ballantyne on Mch. 10 and that, in it, the Admiral made a number of suggestions and presented certain alternative Naval plans for consideration by the Government in preparing their anticipated policy for Parliament and the country.

Briefly summarized the following were his vital points: If Canada decided to co-operate in the general Naval needs of the Empire, it would be convenient to possess a basis on which to build up her fleet and the basis suggested under these conditions, was a Fleet Unit which war experience had shown should comprise, in Canada's case, one battle cruiser, two light cruisers, six destroyers, four submarines, and two fleet mine-sweepers. If the Naval force was to be adequate, purely for the protection of Canada's ports, it should comprise three light cruisers, one flotilla leader, twelve torpedo craft, eight submarines, with one parent ship. Four suggestions, altogether, were given, ranging from one of $5,000,000 to one of $10,000,000, one of $17,000,000 and one of $25,000,000. The minimum plan, or any plan, would be lowered in cost by contribution of vessels from the British Admiralty—the minimum maintenance cost would be $4,022,500 a year.

The press of the country took, in the main, two specific views of the proposals. That of Conservative thought was represented to a considerable extent by the Montreal *Star* of Mch. 11: "The first principle of Canada's Naval policy is her own defence. Then comes the task of giving what is due, from a sense of self-respect and duty, to the common Imperial Naval service in time of war. From standpoints of expediency and efficiency, Canada's policy should be designed for ready co-ordination with possible Imperial plans should emergencies arise requiring solid sea walls. The best defence is made before, not during, war." The Liberal view, to which also the Liberal-Unionist press leaned, was that disarmament and not increased Naval or Military forces was the vital issue, and that, as the Halifax *Chronicle* of Mch. 12 put it, the British Navy could cope with any possible emergency while, "with regard to the creation of a Naval force for the defence of our own shores, it resolves itself largely into a question of cost and the ability of the country to undertake an expenditure of that character at this time." On this very date the remarks of Secretary Daniels of the U.S. Navy Department to a Congressional Committee, were published and in them he said: "It will be years before the countries of the world will accept the League of Nations' decisions, and I think that this country ought to be in a position to furnish quite as strong a force for the world mobile police as any other nation."

The Canadian Government was supposed at this time to favour a beginning with the second, or ten millions a year plan; the Navy League of Canada favoured by Resolution the 25 million proposal; public opinion was, upon the whole, indifferent though there was a large body of quiet thought in favour of some kind of practical policy; many of the Opposition newspapers urged an election before decision while the French-Canadian press was hostile to any active policy. Parliament was not very favourable to definite action and a Unionist caucus on Mch. 16 was said to have clearly opposed it for several reasons —(1) the financial situation; (2) the coming Imperial Conference which might consider it and (3) the fact that there was no immediate hurry. On Mch. 20 Mr. Ballantyne, Minister of Marine and Fisheries and Naval Service, issued an order which, at such a juncture, created wide comment. It demobilized the entire existing Naval ratings, civilians and Staff—with the exception of the Royal Naval College at Esquimalt—and appeared to involve the discharge on May 15 of the whole Canadian Navy *personnel.* Protests poured in from various quarters against what seemed to be a sudden and drastic action—notably from the Navy League—while the Ottawa *Journal,* and Government organs throughout the Country offered the following explanation:

1. That the existing Naval organization is useless for purposes of defence, and that, consequently, all money for its upkeep (the amount is about $600,000 annually) is absolutely waste;
2. That at this time, when the country is facing a financial stringency, challenging the most rigid economy, expenditure of money for any futile purpose is indefensible; and
3. That the action taken, merely ridding the country of a lot of junk, does not prejudice, hinder or delay any future Naval policy that may be decided upon in the light of subsequent events.

In the Commons on Mch. 25 Mr. Ballantyne made an official statement in respect to this matter and the Jellicoe Report. As to the latter, in view of Canada's heavy financial commitments, of the fact that Great Britain had not as yet decided on her permanent naval policy, and of the approaching Imperial Conference at which the question of naval defence of the Empire would come up for discussion between the Home Government and the Overseas Dominions, it had been decided to defer, in the meantime, action as to the adoption of a permanent Naval policy for Canada. The Government had, however, decided "to carry on the Canadian Naval Service along pre-war lines and had accepted the offer of Great Britain of one light cruiser and two torpedo boat destroyers to take the place of the present obsolete and useless training ships, the *Niobe* and *Rainbow.*" In order to be free to thoroughly re-organize the existing Service upon an efficient and economical basis, the Minister had issued orders for the demobilization of all officers and naval ratings and for the discontinuance of civilian help at headquarters and at the Naval Dockyards in Esquimalt and Halifax. The Canadian officers who were being paid by the Canadian Government would be recalled and placed on duty with the Canadian Naval Service; the Naval College would be continued. It was also announced that Admiral Sir Charles Kingsmill, Director of the Naval Service since 1910, had retired.

Later in the year the Report of the Department of Naval Service was published for the year ending Mch. 31, 1920. It dealt with the varied subjects for which this Minister was responsible and including Naval Affairs, proper, Fisheries, Protection Service, Survey of Tides and Currents, Hydrographic Survey, Life Saving Service, Canadian Arctic Expedition, Financial Statement, Radiotelegraph Service. The Royal Naval College was reported as having 45 cadets in training, the Naval dockyards at Halifax and Esquimalt were said to have been maintained efficiently with current work and repairs carried on and with the handling and care of Government vessels as far as necessary. During March orders were issued by the Minister calling for the complete re-organization of the dockyards so that both establishments could be brought up-to-date and the necessary changes effected to ensure their future operation on lines of strict economy and efficiency.

The appropriation for Naval Service as stated by G. J. Desbarats, C.M.G., Deputy-Minister, for the year of Mch. 31, 1920, were $1,975,500 and the expenditures $1,167,437; the appropriations for administering Fisheries were $1,156,000 and expenditures $1,044,388; the Demobilization expenditures were $6,780,904 and the total, with some minor items, was $9,638,876 with a revenue of $502,388. In Parliament on June 14, Mr. Ballantyne made a definite statement as to the Naval Defence of the Empire and, as its basis, read a Memorandum prepared, after consultation with the Admiralty in London, and submitted and approved on Aug. 15, 1918, at a meeting of Overseas Prime Ministers presided over by Sir Robert Borden.

It deprecated a single Imperial Navy under control of the Admiralty as not practicable and stated that the experience of the War had shown that "in time of war a Dominion Navy (e.g. that of Australia), could operate with the highest efficiency as part of a united Navy under one direction and command established after the outbreak of war;" it recognized that "the character of construction, armament and equipment, and the methods and principles of training, administration and organization, should proceed upon the same lines in all the navies of the Empire;" it welcomed the prospect of a visit to the Dominion from a highly qualified representative of the Admiralty to advise upon such matters. Hence the visit and report of Lord Jellicoe. In his speech the Minister referred to the new Cruiser, the two destroyers and two submarines which the Government had accepted from the Imperial authorities and stated that the sum of $2,200,000 would have to be added to the current Naval estimates of $300,000 for maintenance.

He stated that these vessels would be manned exclusively by Canadian officers—except the senior officers on the light cruiser: "The crews will consist of men recruited in Great Britain from the Imperial Navy up to about two-thirds of the complement, the remainder being recruited in Canada. This very small nucleus, will be absolutely efficient. Arrangements have also been made with the Admiralty for the interchange, as time goes on, of our ships, and of our officers if necessary. So that at all times, small as is our Canadian Navy, it will be kept up to the standard of efficiency of the Home Fleet." He stated as to the Naval College that "the Government have agreed that each year we shall send at the expense of Canada, eight cadets to be trained in the Imperial Navy, so that from time to time, as occasion arises, when we require officers on our own ships, we shall be able to recall from the Imperial service these young Canadian officers who will have received a thorough training." Under his own Naval order of March, a net reduction of 782 had been effected in thte Naval *Personnel.*

The Minister then pointed out that the Royal Australian Navy consisted of one battle cruiser and 31 other war-ships of varied type with training and depot ships and an expenditure of $15,000,000 a year—exclusive of harbour defence and fuel reserves. The British Naval estimates for this year, he added, were $482,000,000 or $215,000,000 more than in 1914-15. A debate followed, as to details, with Mr. Mackenzie King declaring that the Government should have consulted Parliament before accepting the British gift and should have presented some defined plan of permanent policy. The broad issue of Empire aid, or co-operation, and the establishment of a real Canadian Navy was not seriously discussed—though the Government policy may be considered as the tentative beginnings of such a policy.

The subject was further debated in Supply on June 27-28. William Duff (Lib.) on the 27th stated that these ships should have been declined and that the Monroe Doctrine was sufficient protection for this continent. Sir Robert Borden stated on the 28th that the proposed vote did not represent anything that could be regarded as a permanent policy: "I, myself, took the ground years ago that a permanent naval policy, in the sense in which I understand it, should not be embarked upon in this country until the people have had an opportunity to pronounce upon it." The Hon. Arthur Meighen in replying to Opposition criticisms pointed out that the present obligation was $2,200,000 for Canada as against $482,000,000 for Britain and, as compared with an estimated $30,000,000 under the Laurier plan of 1909-10, or the Liberal proposals of $70,000,000 in 1913. As to the rest: "Is no country in this Empire, is no nation in the world, to take a naval obligation upon itself until some war is immediately in sight? Is that the policy of the nations of the world to-day? Is that the policy of the League of Nations? Is not the British fleet the main bulwark of the League of Nations at this hour?"

In July the *Rainbow* and *Niobe* and another vessel were advertised for sale and afterwards disposed of. During the Autumn Mr. Ballantyne spoke at various points on the ship-building policy of the Government and dealt largely with the Canadian Government Merchant Marine; only casually with the Naval side of his administrative work. He was banquetted by the Montreal Progressive Club on Oct. 12 and referred at length to fiscal issues; in Toronto on Oct. 28, after inspecting the Boys' Naval Brigade, he promised to "recommend that an adequate appropriation be set aside to aid in this splendid work of the Navy League of Canada." The training was said to be more technical and extensive than any he had seen: "Our hope is that you lads will become officers and men in a Navy that will be manned by the Canadian people. The money necessary to carry on the organization of this training ship has not been contributed by the Government but voluntarily by the Navy League, and I shall try to lift that burden from their shoulders."

On the same day he attended a Navy League luncheon and praised the work of the League; told the guests that Canada had contributed 6,452 men to the Naval side of the War; stated that D. B. Hanna should have a free hand in managing the National Railways and Merchant Marine and that there was one chance of success and that lay in divorcing Railway problems entirely from politics; replied at length to William Duff, M.P., who, during the Liberal leader's Western tour, had been criticizing the Department and its Naval policy. At a Montreal banquet on Nov. 13 he declared that if the Government were defeated at the next Elections it would mean domination by a Free trade group under Mr. Crerar, assisted by what he termed "the King group of Liberals."

On Dec. 21 the Minister formally welcomed at Halifax the British cruiser *Aurora* and the Destroyers *Patrician* and *Patriot* which had arrived from England to temporarily constitute—with a couple of submarines—the Royal Canadian Navy. On board the cruiser Mr. Ballantyne said: "It is a happy coincidence that my visit to Halifax combined the launching of the latest addition to the Merchantile Marine of Canada with the welcoming to our shores of the effective nucleus of Naval forces whose duty it will be to protect that merchantile marine and uphold its rights and privileges on the high seas." He referred to the coming period of gunnery and torpedo exercises with the ships of the North America and West Indies Squadron and a succeeding visit to the Pacific Coast of Canada. As to the rest: "Your arrival, which is an epoch in the history of Canada, and which has been so expectantly and keenly looked forward to, will cause an enthusiastic awakening, in the breast of young Canada, of the spirit of sea-consciousness so fondly engendered by their forbears and is, as well, tangible proof of the largeness of heart of the Mother Country in presenting Canada with so splendid a gift."

The Board of Commerce in 1920; Its Policy, Actions and Unpopularity.

These Commissioners in the midst of a period of war conditions, rising prices and inflated values, were given the difficult, and only partially possible, task of ameliorating public conditions, checking improper or unnecessary price increases and controlling organization inimical to public freedom of trade. The Board had been appointed in August, 1919,* and was originally composed of H. A. Robson, K.C., Winnipeg, as Chairman, W. F. O'Connor, K.C., who had won a reputation for fearlessness, through his official enquiries into the High Cost of Living, and James Murdoch, Vice-President of the Brotherhood of Railroad Trainmen. The object of the Board was to control the profits of dealers in the necessaries of life, to prevent profiteering in general, and to check or restrict, if possible, the process of price inflation. This, at least, was the view of the public; as a matter of fact the instructions were general in character and the powers of the Board greatly limited; its jurisdiction in enforcement of decisions was disputed and never absolutely settled; its functions, if faithfully performed, were bound to antagonize, in time, all classes and interests which benefitted by the high prices of the period.

At the opening of the year 1920, the Board issued a statement of its activities for the past three months and declared that it had made itself acquainted with the manufacturing and production costs of the necessaries of life in Canada; that it had jurisdiction to prevent the unreasonable accumulation of food-stuffs; that its investigations had not been, as was alleged, confined to any one class of trade or industry; and that, though it could not initiate prosecutions and was not authorized to impose penalties for profiteering, yet its declaration that, in a particular case, there was profiteering, would and should, form the basis of a criminal prosecution at the hands of a private individual or the Attorney-General of a Province. The statement concluded: "Despite high prices undoubtedly prevailing, profiteering is not, in the Board's opinion, as common, or nearly as common, as many have charged or claimed."

Meanwhile the Board's investigations and decisions, though limited in number and not unreasonable in character, had aroused antagonisms and fear as to the result upon public opinion of continued effort; journals opposed to the Government claimed that it was not really behind the Board except in the sense of using it as a shield; those who were profitting by a natural and unavoidable rise in prices were as nervous about the Board's possible actions as were the few who deliberately and without necessity raised prices. At the Manitoba Grain Growers' Convention on Jan. 7 a Resolution was passed describing the actions of the Board as "superficial and fallacious" and direc-

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*Note—See pages 334-7 of *The Canadian Annual Review* for 1919.

ted against the interests of the farmer and retail distributors in cities and towns, while manufacturers of textiles, flour, meats, boots and shoes and other necessaries of life, whose evidence before the special Committee of the House of Commons invited immediate public investigation, had been completely ignored. It was stated that the work of the Board had, so far, been calculated to disturb seriously the vital sources of production, to discourage rather than encourage an increase in supply of food-stuffs from Canadian farms, to increase rather than decrease the cost of living and, really, to weaken the economic position of the Dominion as a whole. Immediate abolition was urged upon the Dominion Government.

On the 13th a representative delegation of Retail merchants from all parts of the country waited upon the Government and demanded the reconstruction of the Board and a cessation of its price-fixing operations as being inimical to trade and commerce. It was contended in their statement that the results of investigations made by the Board had not disclosed the existence of any combines or excessive profits, that the element of competition prevented such profits being made, that owing to varied local conditions, no general regulation could be made that was fair to merchant and consumer alike, that the orders promulgated by the Board had a disturbing effect upon retailers, wholesalers, bankers and trade generally; that, in view of these conditions, price-fixing operations should be suspended and the Board be reconstituted to comprise a consumer, a producer, a manufacturer, a retailer and a Chairman of Judicial experience. The hope was expressed that Mr. Robson would remain as Chairman. In his reply, Sir George Foster, Minister of Trade and Commerce, declared that the creation of the Board of Commerce was an attempt made by the Government and Parliament to settle some of the unrest due to the high cost of living. It was not a perfect organization, and those administering it might not be perfect, but they were doing their best to make regulations for the benefit of the country, as a whole. A little later, the Minister received a Resolution from the Canadian Council of Agriculture in the following terms:

> The Canadian Council of Agriculture, reflecting the opinion and judgment of the organized farmers of Ontario, Manitoba, Saskatchewan and Alberta, as expressed in Resolutions already adopted at the annual conventions of the United Farmers of Ontario, and the United Farmers of Manitoba, find that the Board of Commerce, which was appointed to relieve high costs of living in Canada, has, instead, by reason of its actions, disturbed and injured sources of food production, especially in the live stock industry, and thereby has created a country-wide distrust in its ability to afford relief of any kind to producers or consumers.

At Ottawa, on Jan. 15, a Retail Merchants' delegation waited on Mr. Robson, reiterated their opinion that the whole policy of fixing prices or profits for them was wrong and urging reconsideration of certain Orders; Mr. Robson, in his reply, appeared to think that retail prices in the United States were lower on specific lines than in Canada and that Canadian manufacturers were taking advantage of the Tariff to make the consumer pay more than was necessary. Meanwhile, the Textile manufacturers had appealed to the Government against the series of questions addressed to them by the Board in regard to profits, cost of material, selling prices, etc., and they protested vigorously against Mr. Robson's statement as to Tariffs and the manufacturer. In reply, the Board submitted a Memorandum to the Cabinet which presented a distinct challenge: "If this Board is to continue to exist it must be permitted to function, as by law intended, and if manufacturers or others may appeal or resort to Council from the Board's questioning of them and be heard with effect, that the work of this Board might as well be now openly abandoned as be subjected to frustration." It was also claimed that the Government had no power under the Act to respond to the Manufacturers' appeal. When the Board had reached and stated conclusions then, it was added, the Government's jurisdiction would commence.

On Jan. 30 the Canadian Manufacturers' Association issued a statement endorsing the appeal of the Textile interests but the Cabinet finally decided not to intervene in the matter and the Board issued orders that the questions must be answered. At this time, also, the Government placed the Newsprint dispute in the hands of the Board of Commerce with, apparently, full jurisdiction in the premises as between the Publishers and the Pulp Mills; on Jan. 31 a series of regulations were issued bearing upon the formation and operation of Combines having relation to any article of commerce and the Board promised enquiry into mergers alleged to be injurious to public interests. In exercising the new powers vested in the Board by Order-in-Council as to Newsprint, the price of that commodity was fixed at $80 a ton; upon ordering the firm of Price Bros. & Co., Quebec, to ship a stated weekly amount to each of three publishing houses in Montreal, the Company appealed to the Supreme Court for an injunction against the Order and, on April 6, this was granted and the Court held that Newsprint could not be deemed a necessity of life and that, therefore, it did not come within the jurisdiction of the Board.

Meanwhile, the Board was having difficulties with the Civil Service Commission which claimed jurisdiction over the Board's employees and the right to select its expert assistants; there were also indications of differences in opinion amongst its members and, in the Commons on Feb. 25, Sir George Foster stated that the resignation of the Chief Commissioner had been accepted. Following this, Mr. Robson issued an explanation of his retirement: "Price-fixing and profit restrictions on the products of the country, while well for war-time, should not, in my view, be part of the permanent statute law. Regulation of profits on necessaries will tend to discourage persons from entering on the useful services of life. It is, besides, an injustice to restrict these classes while those engaged in production and distribution of luxuries, or even useful things not classed as necessaries, go free. This seemed to me so incongruous that I was uneasy in the administration of the Act and felt it my duty to resign."

It was freely asserted that these were not all the reasons involved and that the Civil Service issue, the question of personal Tariff views, and the degree of Government support given to the Board, were influential in the decision. W. F. O'Connor was appointed Acting Chairman of the Board and its work went on with renewed vigour. The enquiry into the alleged Wholesale Grocer Combine* followed at Hamilton and Toronto and the charges presented by Hon. W. E. Raney, Attorney-General of Ontario, were practically dismissed so far as the Hamilton grocers were concerned, on June 22nd. The judgment established that a manufacturer had the legal right to establish a selling policy and to refuse to deal with those who would not adhere to the terms of that policy. If he decided to deal only with wholesalers, he could refuse to sell to others than wholesalers. If he decided to establish a fixed retail price for his goods and made it a fair price, he could refuse to deal with those who sold above or below that price. The Combines and Fair Prices Act did not forbid mere agreement or combination unless, in the opinion of the Board of Commerce, it was likely to operate to the detriment of the public. Meanwhile, on Feb. 26 the clothing merchants pressed a representative of the Board to grant certain modifications in its Order of Oct. 15, 1919, and had forwarded elaborate arguments to Ottawa.

In the Commons on April 12 the work and jurisdiction of the Board were debated at length. Dr. Henri Deslauriers (Lib.) moved a Resolution declaring that as the Board of Commerce had failed to improve the cost of living and could never be efficient as at present constituted, it would be well that it should be abolished and that in its place there should be established in each Province a Board consisting of the Mayor of the Principal city in the Province, a Labour representative and two members of charity organizations and that such Board should have power to investigate, regulate, confiscate and repress. Alphonse Verville (Liberal-Labour) demanded immediate Government action for reduction of the high cost of living and indicated greater Labour trouble and unrest if this was not done; Capt. C. G. Power (Lib.) of Quebec supported abolition of both the Board and the existing Government, and J. F. Fafard and J. E. D'Anjou, also Liberals, denounced the Board; S. F. Glass was the only Government speaker and the motion was lost "on division."

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*Note—See Section dealing with Prices and Cost of Living

During May the Board instituted an enquiry into sugar prices and conditions in Canada with a view of deciding as to retaining or giving up control of that particular industry; the sale of sugar in an Ottawa grocery at 36 cents a pound which was brought before the Commissioners, decided them to make a thorough investigation. It was announced on June 10 that the Board proposed at an early date to issue a list of persons and firms liable to indictment for sugar profiteering. On June 18 an order issued from the Board that the handling of granulated sugar by any other middleman than the wholesaler or retailer was unlawful; that a spread of 5 per cent. between refiners' and retailers' prices should be the maximum; that refiners must not increase their prices without the consent of the Board, and retailers must not increase prices on their stocks to conform to increases in market prices; that these regulations were to be effective until Sept. 30, 1920. During this period the Board had continued to issue exhaustive monthly statements as to the production and cost of certain necessaries of life in the Dominion; especially useful were the Bread reports which clearly showed the current fluctuations in price and the supposed causes.

Meantime, the question of the Board's jurisdiction and powers had come before the Supreme Court of Canada on Mch. 6, at the request of the Board itself. The Court was asked to give a ruling as to whether the Board had authority in law to restrain certain Ottawa clothiers from offering for sale clothing with an addition of 50 per cent. profits on the cost price, and whether it had lawful authority to require the Registrar or other authority of the Supreme Court of Ontario to cause the Order so restraining the clothiers to be made a ruling of the Court. The decision left things unsettled when the Court divided equally—Chief Justice Sir Louis Davies, Justices Anglin and Mignault upholding the jurisdiction and authority of the Board while Justices Idington, Duff and Brodeur were opposed to this view. W. F. O'Connor had acted in the case for the Attorney-General of Canada and the Board and W. N. Tilley, K.C., and Eugene Lafleur, K.C., for the Canadian Manufacturers' Association and the Attorney-General of Alberta.

On June 10 the Board issued its first annual Report and claimed, throughout the document, that its policy, work and action had been checked and hampered and delayed by the action of the Board of Civil Service Commissioners; that appointments could not be made or completed because of this intervention, and necessary expert work could not be done; that freedom in appointments was absolutely necessary to success and to obtain a staff which would enable the Board to carry on efficiently. The summary of the work from July 7, 1919, to Mch. 31, 1920, its first legal year, was a lengthy one and included a review of sittings in 15 cities in Canada and the United States on general matters and 10 public hearings on the Newsprint situation—as to which latter its control was rescinded after the Supreme Court decision of Mch 6.

Sugar, milk, bread, pork products, boots and shoes, groceries, clothing, drugs, electric lamps, wall paper, canned goods, and coal, were amongst the special commodities touched on in the Report, as well as investigations into several alleged combines. Mr. Murdock did not sign the Report because he objected to the exclusion of the correspondence relating to Mr. Robson's resignation as Commissioner. The Report commented on the alleged organization of industries into combines and price-fixing arrangements and mentioned the following commodities as being controlled by an Association or Trust: Wrapping paper, broom handles, wire fence, cloth, malleable metals, paper bags, toilet paper, conductor pipe, shipping tags, sheet metal, auto equipment, shovels, washing machines, wallpaper, lead traps, wringers, cooperage, wrought pipe, scales, steel sash, wood screws, tacks, wire solder and cane lead, general hardware and window shades. As to the rest:

> The Board has not tried to please; it has merely tried to perform its duty. In that performance it is aware that it has made many powerful enemies. The Board has no regret. The present Commissioners have no intention of amendment. The Board's duty is to execute the law, whether well or ill conceived which has been delivered to it for execution. It is said that certain interests demand the abolition of the Board. If the Board be continued and the present Commissioners remain in office, they will endeavour to execute their duties guided by the principles which previously actuated them and which are here set forth, but they would again point out that to attempt to continue to operate this Board under the conditions which have prevailed since Nov. 10, 1919, would be futile.

Public comment upon the Report was various and the Toronto *Star* (June 19) gave the following summary of the benefits derived by the public: "(1) That the Board and its sub-offices have secured certain specified price-advantages for the public, such as a $250,000 saving to Toronto milk consumers, $3 per suit reduction in men's clothing, and substantial sums in bread prices here; (2) that the Board has also accomplished much good by warnings, where the evidence did not warrant more drastic action; (3) that the Board has impressed upon retailers the loss involved in poor business methods—a loss which is passed on to the public in higher prices." Following this incident came the announcement (June 10) as to publication of the names of sugar profiteers and on the 15th Mr. O'Connor resigned with the statement that: "If I cannot look after the interests of the Canadian people as I undertook, and am expected by them to do, I may as well look after myself." Mr. Murdoch resigned on June 24 and, in a letter to the Prime Minister, made a direct charge against the Government of failure to support the Board in its work: "I am convinced that the majority of the Cabinet of which you are the honoured leader are not and have never been in sympathy with the provisions and intent of the Board of Commerce Act and the Combines and Fair Prices Act."

He went on at some length to claim that certain members of the Government had undertaken to "minimize" the work of the Board; that H. A. Robson, as Chairman, was the "safe and sane" representative of the "big interests," and spent most of his time travelling backward and forward from Winnipeg or in private affairs, and was "in full sympathy with high prices;" that J. B. Hugg, representing the Crescent Creamery Co., Ltd., Winnipeg, wrote on Feb. 18, 1920, to the Chairman of the Board submitting a copy of that Company's factum to use before the Supreme Court of Canada in opposition to the case that had been presented by the Board of Commerce to define its own status; that Mr. Robson's two explanations of the transaction (1) that Mr. Hugg had formerly been in his office and that they were, therefore, in very close relation with each other, and (2) that it was an "unwarranted impertinence" by Mr. Hugg, were not sufficient; that the Civil Service Commission had acted, under suggestion, in thwarting the Board's efforts and work and that certain Ministers had tried to protect the Textile interests from investigation.

This letter was discussed in the Commons on June 29, as the Session was nearing its end; the Liberal leader, Hon. Mackenzie King, stated that he would have moved for a Parliamentary enquiry but the time was now too short though he insisted upon the duty of the Government to take action: "One member of the Board after the other has retired until to-day the country is faced with the ignominious spectacle of having legislation on the statute book constituting a Board of Commerce which finds no expression in actual practise. Every one of the members of the Board of Commerce has resigned, for causes which reflect anything but credit upon the Administration." Sir Robert Borden stated in reply that Mr. H. A. Robson had at first declined the position of Chairman; that Chief Justice Mathers had then been asked and had declined and it was only then that Mr. Robson re-considered his decision. The Government had no control over the Commission as such and in respect to the Civil Service matter it was simply a question of law under which all permanent Boards and Commissions were under the Civil Service Act; the Government wanted a moderate organization of the Board's work and the latter would have established a very expensive system; the Minister of Labour had obtained his experts on various occasions from the Departments and it was thought the Board could, also, have done so. Mr. Murdoch's charges, the Prime Minister added, were very vague and airy in character; Mr. Murdoch himself was honest in his views but with a mind "honey-combed by suspicion of the methods of other people." Several Liberal speakers followed in denunciation of the Government, based upon the Murdoch letter, and the Hon. Arthur Meighen and Rt. Hon. C. J. Doherty replied for the Government. Mr. Meighen pointed out that the Government had the power but it had never modified or reversed an Order of the Board.

Meanwhile, a Report on Knitting Mills—obviously in reply to the Textile protests of earlier months—had been under way and was made public on June 25. The document took 8 Companies, as being typical of the knitting trade, out of the 60 operating in Canada. It showed that large profits had been made by nearly all of the eight on small investments of capital; it was pointed out that while some companies had made from 69 to 510 per cent. profit on common stock in the past two years, on a system of investing surplus earnings the most successful of the companies made, actually, just over 50 per cent. profit on investment. This Company, which was not named, was said to have paid as high as 40 per cent. dividend on common stock as far back as 1914 and, in 1919, to have paid 116⅔ per cent. How far this statement could be accepted under all the circumstances for all the Companies was a question and the Board admitted that further investigation was necessary; it refrained from making recommendations and referred to the difficulties in the way of complete enquiry. A large group of companies had returned very unsatisfactory answers and it was obvious that the whole investigation must have been as unsatisfactory as it was incomplete.

On July 1st an Order-in-Council reconstituted the Board but in a temporary form owing to the pending appeal as to its jurisdiction and powers from the Supreme Court's decision, or rather absence of decision. Capt. William White, K.C., the former Secretary, was appointed Chairman with F. A. Acland, Deputy-Minister of Labour, and G. A. Dillon, Purchasing Agent of the Department of Justice, acting as Commissioners under leave of absence from their regular duties. It was decided at the first meeting on July 6 to act under Part 1 of the Act creating the Board, as to which there was no legal issue and to continue the restraint of alleged combines, trusts, etc.; as to Part 11 dealing with hoarding and unfair profits, only enquiries actually under way would be carried on. Upon the 10th the Board heard a Retail Merchants' delegation and an elaborate statement from E. M. Trowern, Secretary of the Dominion Association, urging non-interference with the natural channels of trade, and asking that the agents of the Board in different centres should be abolished. He claimed that no combines or excessive profits had yet been proven against retailers, that competition prevented undue profit-making and that local conditions were so different that no general regulations as to margins of profit were possible. He made a number of suggestions as to the future development of the Board's work; many of them were reasonable and sensible.

The Chief Commissioner, in reply, stated, incidentally, that the Board's supervision of the sugar market and profit-fixing on this commodity had saved Canadian consumers $20,000,000. On July 20 the Board approved a current increase in the price of sugar to 24 cents a pound and announced that the questionaires addressed to retail grocers would be discontinued. Early in September the Board issued an Order requiring milk producers and distributors to return to prices prevailing prior to Sept. 1st and, on the 3rd, Hon. M. W. Doherty, Ontario Minister of Agriculture, wired Mr. Premier Meighen at Ottawa that milk prices had been advanced on Sept. 1st on a basis mutually agreed upon by producers and distributors, that the Board's action had been taken without investigation, that new contracts had been made and tickets sold on the new basis and that a Report of the Ontario Milk Commission, after a three-months' enquiry, fully justified the increase. He urged that the Order should be rescinded pending investigation. The immediate result was a suspension of the Board's order until after a hearing in Toronto; on Oct. 7 it issued a statement that the Report of the Ontario Milk Commission would be accepted and the Order rescinded.

Following this incident came the Order of the Board prohibiting the importation of sugar and fixing the price at 21 cents a pound and, on Oct. 15, direct action by the Government in suspension of the Board's order, accompanied by a widespread and vehement criticism of the Board's action. On the 22nd the three new Commissioners resigned and the Premier stated that "no appointments to the vacant positions will now be made"; when the Privy Council had rendered a decision as to the Board's powers, the Government would consider its policy. On Oct. 25 Capt. White was instructed to wind up outstanding business and dispense with superflous office help. This was the end of the Board and of a real, if sometimes distracted, effort to control and fix profits. It was carried on amid difficulties which from the first were almost insuperable; yet some good was accomplished in detail while in a general sense public opinion was soothed and the people carried more smoothly over the rocky road of war prices and reconstruction problems than would otherwise have been the case.

Government Incidents and Appointments; By-Elections of the Year.

During the year and while these and other discussions were under way, the Government, as such, had been going quietly along its administrative way and dealing with various minor issues as they developed. Within the Department of Trade and Commerce and under direction of Sir George Foster, an important reform became operative in January when uniformity of Vital statistics for practically the whole Dominion was attained by an arrangement between the Federal and Provincial Governments. Under it, the Dominion Bureau of Statistics supplied the forms for the collection of the data required; the information was collected, as heretofore, by the Provincial Registrars of births, deaths and marriages, and forwarded to the Provincial Departments; the latter forwarded transcripts of the statistics to the Dominion Bureau, which collated and compiled the information and published it in due course.

In this connection, the Report of the Editorial Committee on Governmental Publications showed what could be done by care and economy in public printing. Submitted by Sir G. Foster on Mch. 31, the Report of the Committee (Fred Cook, Chairman, F. C. T. O'Hara, F. C. C. Lynch, and R. Boudreau, C.M.G.) showed that 2½ years before, when it was appointed, the number of Departmental reports printed was 325,265 and that last year it was 151,425; the number of printed pages in the former year was 210,000,000 and in the past year 56,000,000; similarly with regard to Supplementary Reports to Parliament, the number printed had been reduced from 222,000 to 56,000, and the printed pages from 61,000,000 to 11,000,000. For this class of publicity, alone, the cost of printing had fallen from $343,301 to $188,966. The authority of this Committee was enlarged during the year to cover all printing ordered by Parliament and the Public Departments, or by any branch of Government activity carried on with public funds. Before printing action could be taken the requisition and manuscript must first be approved by the Committee. Should the specifications be extravagant or faulty it was the duty of the Committee to correct them. In addition to the figures mentioned above it may be added that in 1916 the total number of half-tone plates inserted in Annual Reports was 9,397,865 and that these had gradually been reduced until in 1920 there were none.

It was announced at Ottawa on April 13 that the Canadian Trade Commission, composed of Sir Charles B. Gordon, K.B.E., and Rhys D. Fairbairn of Toronto was being wound up, that its permanent work would be taken over by the Department of Trade and Commerce and that its offices in London would also be closed. During May the Secretary to the Postmaster-General stated that all publications prohibited from entering into

Canada, for reasons connected with the War, or, if published in this country and suppressed under war regulations, could now circulate freely, and had been doing so since the first of the year. On July 16 Sir George Foster stated at Ottawa that there was no embargo on Canadian exports to Russia, and it was open to any Russian to make legal purchases from Canadians. Further, any Russian individual or corporation was at liberty to establish a place of business in exactly the same manner as the citizen of any other country. This set at rest many conflicting statements and rumors. Later on, Sir George, who, in the first part of the year, was Acting Prime Minister, left for Geneva to attend the first annual meeting of the League of Nations.

The Hon. J. A. Calder administered his Department of Immigration and Colonization along lines of the most careful sifting of immigrants—the strictest adherence to quality rather than quantity. He stayed with Mr. Meighen in the re-organization of the Government, was accorded a large amount of criticism from his one-time political friends in the West but faced the issue bravely and told them in public meetings at Regina and Moose Jaw and other places that he had changed his mind as to fiscal policy with the changing conditions all around him. "I am a different man to-day," he said at Moose Jaw on Oct. 26, "mentally and politically, from what I was when I appeared before you in 1917." Senator P. E. Blondin, Postmaster-General, remained the sole French Canadian in the Government. This Minister had to deal with the newspaper situation from a Postal standpoint during this year and to increase the rates of carriage. The annual Report of the Department for 1919 showed revenues of $21,602,712 and expenses of $19,273,583 but, in the revenue, were included $7,000,000 of war stamps connected with the taxing of cheques, patent medicines and many things having no connection with postage or transport.

As to this question and the figures submitted by Mr. Blondin to Caucus, it was estimated that it cost the Government in 1919, to transport newspapers over Canadian railways, a sum of approximately $2,000,000. In addition to that, it was estimated, distribution, transfer, cartage, etc., in connection with newspapers cost, approximately, $5,000,000, making a total expenditure for newspapers of $7,000,000 in 1919 with $291,104 received. This Department happened to be the first to come under the re-organization work of Arthur Young & Co., a well known firm of British Accountants with offices in New York, Chicago and other American centres, who had been engaged by the Government to help in the re-classification of Civil Service and, in their re-organization of the Printing Bureau, had already helped in a saving of $500,000 a year. This Company had transferred its Canadian work to a subsidiary concern—Griffenhagen and Associates, Ltd.—and by Order-in-Council of May 31, this concern undertook to re-organize the Post Office and Customs Departments as a preliminary to the others.

Messrs. Foster, Calder, Rowell, Sifton and Burrell were appointed a Committee of the Cabinet to supervise the work; the staff required was stated at seven principal experts and four associates of the Company; the Departments affected were asked to furnish some of their staff to assist, and at the same time to acquire knowledge for carrying out a large part of the work of future re-organization without outside expert assistance; the Company were to be paid $10,000 per month, on the assumption that the work would require about twelve months and the Government agreed, also, to furnish office facilities and supplies, clerical help and necessary travelling expenses. The Opposition in the House, the Senate by a vote of 23 to 10, and part of the press, with a section of the Civil Service, held the view that this expert assistance could have been obtained in Canada. The *Civilian*, organ of the Civil Service, took strong ground along the same lines.

Mr. Blondin made an important speech in Montreal on Sept. 10, when he denounced racial and religious agitations: "We must get rid at any cost of the extraordinary evil of the exploitation of prejudices, found not only in one Province. A serious study and analysis of the big agitations of the past few years should kill for all time, in public opinion, all present and future agitators. After 50 years' union can this Province find it to its advantage to be isolated? That spells destruction, and for Quebec, suicide." He described British connection as the bulwark of Canadian liberties. The Postmaster-General's report for 1919-20 showed 12,251 post offices in operation; the net revenue, including war-tax, was $24,449,916 and the expenditure $20,774,385; the surplus was $3,675,531 and there had been a succession of surpluses since 1902 with one exception. The aggregate value of money orders issued was $159,224,936; the aggregate balance at credit of depositors in the Post Office Savings Bank was $31,605,594—a decrease of over $10,000,000; the postage stamps issued totalled $26,317,194 in value.

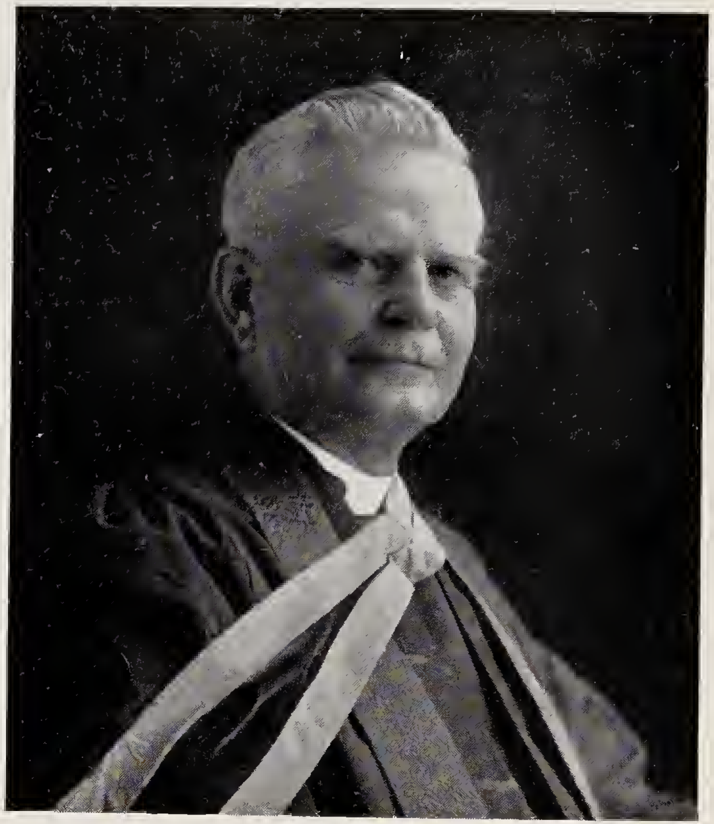
Of other Ministers it may be said that Sir Edward Kemp, a member of the Government without Portfolio, and in poor health during the year, did something without precedent in Canadian political history. On Aug. 1st it was announced at Ottawa that he had written the Department of Finance returning uncashed the cheques received by him for Ministerial salary during the war period. These cheques amounted to $25,219, covering the whole of the payments to him as Minister of Militia and, later on, as Minister of Overseas Forces. It was also stated, when this was made public, that the Minister had rendered no account for expenses incurred as Chairman of the

War Purchasing Commission and had refrained from drawing any of his Sessional indemnity for the last four Sessions of Parliament. The Report of the Rt. Hon. C. J. Doherty as Minister of Justice showed that 1,931 convicts were in custody in the Penetentiaries, at the close of the fiscal year 1920, that of these 1,107 had been born in Canada and that the cost of maintenance account was $1,173,073—the Superintendent in charge was Lieut.-Col. W. S. Hughes. The new Minister of Customs and Inland Revenue, Hon. R. W. Wigmore, submitted to the Governor-General the usual elaborate tables of Trade and Revenue for the fiscal year; the Hon. F. B. McCurdy, Minister of Public Works, dealt in his 1st Report with expenditures of $20,455,459 and revenues of $633,090—the former including $4,320,580 upon Harbour and River works, $1,205,485 upon dredging, etc., $8,442,124 upon Roads and buildings; Mr. McCurdy upon appointment as Minister retired from connection with the brokerage and investment house of F. B. McCurdy & Co., with its branches in Montreal, Halifax, Sydney, Sherbrooke, St. John, Moncton and St. John's, Newfoundland.

The Report of Hon. Arthur Meighen, Minister of the Interior for the fiscal year 1919-20, showed receipts of $9,902,721 of which $4,738,840 came from Dominion Lands and $3,900,091 from Western school lands and $1,155,354 from Seed grain borrowers; it presented figures as to the surveyed areas of the West which showed 35,479,517 acres in Manitoba, 78,954,281 acres in Saskatchewan and 85,323,466 in Alberta and of the total 8,448,000 acres was water; it stated total Land sales by the greater Companies to date as including 3,332,684 acres by the Hudson's Bay Co. at $39,762,363, 13,938,793 acres by the C.P.R. at $125,064,380, 2,673,907 acres by the Canadian Northern at $24,972,673—the total for all companies being 24,492,310 acres at $213,617,419. Dominion Lands, Dominion Parks, Forestry, Irrigation and Water-Powers were reviewed at length.

An important question of the year for Government consideration and, indeed, of discussion for some years past, was the position and payment of the Civil Service; its re-organization and increased salaries. The Civil Service Commission had, in the past year or so, been busy at a re-classification of the Service assisted, professionally since 1918, by the firm of Arthur Young & Co. The latter's remuneration was the payment of fees together with travelling and subsistence expenses for the staff members assigned to the work and the total of these items up to date was stated by Rt. Hon. A. L. Sifton in the House on Mch. 17, 1920, as $49,107. In arranging this classification and in allocating compensation the Commission expressed its views in an elaborate statement issued on Jan. 21: "In recommending compensation, it has kept in mind that civil servants have relative certainty of tenure in their posi-

THE MOST REV. H. J. O LEARY, D. D.
Appointed in 1920 Archbishop of Edmonton



THE REV. S. D. CHOWN, D. D., L. L. D.
General Superintendent of the Methodist Church in Canada

tions; that in the main their hours are short (6½ hours a day and 36½ hours a week in the Inside Service); that extremely liberal vacations are granted and even more liberal sick leave with pay; finally, that in the Government service there is little or none of that drive for output, that working under pressure, that spirit which compels employees to remain until the day's work is done, so characteristic of commercial work."

In March the classification was completed and on Mch. 25, in an Ottawa speech, Hon. Dr. W. J. Roche, Chairman of the Commission, stated that: "This re-classification of the Civil Service has been a huge task, not only in magnitude, but in diversity." He referred to the "ill-advised action of some civil servants who were disappointed because their salaries were not as high as they wanted," and who rushed to Members of Parliament and poured into their ears complaints, real and imaginary: "Not one of the 50,000 civil servants will get one cent less and, in fact, many will receive substantial increases through re-classification. Eighty per cent. of the salaries have been increased while greater lines of promotion will be open to the civil servants under the new classification." He pointed out that the Bonus to Civil servants for the last fiscal year had amounted to $12,000,000 and stated that anti-dating operation of the classification to April 5, 1919—which was afterwards done by a special Act—would mean $5,000,000 more. The other Civil Service measure which passed provided for retirement of certain persons so that the re-organization could be completed.

Meanwhile, there had been various efforts by the Civil Servants, who had formed some years before this a strong organization for the protection of their own interests, to obtain favourable changes in classification and the consequent salaries. On Jan. 29 the Canadian Civil Service Association represented by President J. C. O'Connor and other officials, was received by Sir George Foster, Acting Prime Minister, and Hon. A. K. Maclean; there were also present Hon. Mr. Roche of the Civil Service Commission and E. O. Griffenhagen of Arthur Young & Co. Two main requests were made by the Association. One was for legislation to provide that the new classification should become effective in a Department, only when approved by the Deputy-Minister, after consultation with the heads of branches and representatives of the staffs; the other asked for a permanent Board of Appeal to hear appeals from the classification and make decisions which should be final. Both requests were refused.

Following this there were various meetings and protests and in June it was decided to organize a Federation of all Civil Service employees of the Dominion; a charter was secured in July from the Trades and Labour Congress for what was called the Association of the Federal Employees of Ottawa; Tom

Moore, President of the Congress, announced (July 29) that it was granted along similar lines to the National Federation of Civil Servants in the United States and "that no member of this new organization will be at any time called upon to take issue in any trades dispute which may arise and the Trades and Labour Congress will not have power to order, authorize or sanction a strike." There were technical difficulties in the way but on Oct. 30 President T. R. L. MacInnes of the Civil Service Association announced that members had voted for affiliation of the new Society with the Labour Unions by 832 majority.

Meantime, on Sept. 29, Mr. MacInnes and others representing the C. S. A. had waited upon the Civil Service Commission and appealed for increases of salary based upon current conditions and not those of 1918 as under the classification arrangements. Since then the cost of living was said to have grown by 80 per cent.; Clarence Jameson (one of the Commissioners) stated that such increases, if granted, would involve a Government expenditure of $80,000,000. On Nov. 4 the 1st annual meeting of the Advisory Council of the Professional Institute of the Civil Service of Canada, which was formed earlier in the year to promote the welfare of its members, to maintain high professional standards, and to enhance the usefulness of the Service to the public, was held at Ottawa with a stated membership of 3,000; its system was one of group representation—Chemistry, Science, Engineering, Agriculture, etc. Dr. M. Y. Williams of Ottawa was elected President with Vice-Presidents from the different Provinces. Hon. Dr. Roche addressed the members on the history of Civil Service reform.

The Report of the Civil Service Commission—Hon. W. J. Roche, Chairman, M. G. La Rochelle and C. Jameson, Commissioners—for the calendar year 1920 stated that the close of 1919 had found the Service in a more or less chaotic condition. For the previous year and a half, every effort had been made by the Commission to cope with the heavy burden of administration which had been thrust upon them overnight, when, on the 13th of Feb., 1918, an Order-in-Council placed under their jurisdiction and control the 50,000 Civil servants of the "Outside Service." Prior to that date the Commission had but 6 to 8 thousand employees under its jurisdiction, and now the number was increased to nearly 60,000. Extended reference was made to the re-classification work of the year and the necessary adjustments of salary. It was stated that the work of re-organizing the Departments had been undertaken and completed in the case of the Printing and Stationery Department wherein reduction in the staff of 36 per cent. had been effected.

Incidents of the year included the controversy between the Board of Grain Commissioners, the Board of Commerce and the Research Commission on one side and the Civil Service Commission on the other as to their various staff appointments which the Commission claimed to control and in which claim it was supported by the Government; the reservation by the Minister of the Interior of Southampton Island, Mansel Island and Coats Island—situated in the northern part of Hudson Bay in the North West Territories—for the purpose of providing grazing grounds for reindeer and musk-ox; the Order-in-Council of April 29 rescinding those of May 14, 1913 and April 7, 1914, regarding regulations for the issue of leases for Petroleum and natural gas rights in the School lands of the Western Provinces and substituting new Regulations therefore; the issue by the Master of the Mint, under instructions from the Minister of Finance, of a new coinage of Canadian cents based, in size, upon the American nickel.

Other matters were the continued and excellent work, during its last year of operation, of the Canadian Commission of Conservation along lines of investigation, advice and popular education in the greatness of Canadian resources and the best methods of conserving them; the appointment of between one and two hundred Commissioners by the Dominion Bureau of Statistics to take the Census of 1921; the formation in December of the Montreal Conservative Club with L. Conrad Pelletier, K.C., as President, and support of the Meighen Government and moderate Protection as its policy. It may be added that the Rev. Dr. W. H. Vance of Vancouver was appointed in March to enquire into and report concerning a dispute that had arisen between the International Brotherhood of Teamsters, etc., and the General Cartage and Warehouseman's Association of British Columbia and that O. M. Biggar, K.C., was, in August, appointed a Commissioner to conduct an enquiry into the administration of the Kingston Penitentiary. The chief Government appointments of the year—excluding Judges who are recorded elsewhere—were as follows:

Lieut.-Governor of British Columbia	Walter Cameron Nichol	Vancouver
Senator of Canada	Hon. Thomas Chapais, M. L. C., LL.D.	Quebec
Senator of Canada	Lorne Campbell Webster	Montreal
Administrator, Government of Saskatchewan	Sir Fred. W. G. Haultain	Regina
Deputy Minister of Finance	J. C. Saunders	Ottawa
Assistant Deputy Minister of Railways	George W. Yates	Ottawa
Joint Parliamentary Librarian	Joseph de LaBroquerie Taché	Ottawa
King's Printer and Controller of Stationery	Thomas Mulvey, B. A., K C.	Ottawa
King's Counsel	Oliver Mowat Biggar	Ottawa
King's Counsel	Hon Hugh Guthrie	Ottawa
King's Counsel	J. P. Smith	Dawson
Commissioner of Commerce	H. R. Pousette	Ottawa
Director of the Geological Survey	Dr. W. H. Collins	Ottawa
Harbour Commissioner	Robert S. Gourlay	Toronto
Harbour Commissioner	John Laxton	Toronto
Government Representative on Medical Council of Canada	Sir Thomas G. Roddick, M. D	Montreal
Government Representative on Medical Council of Canada	Edward A. Braithwaite, M. D	Edmonton
Government Representative on Medical Council of Canada	Alex. M. Young, M. D	Saskatoon

By-elections of this year were of some political importance; they were supposed to show popular approval or otherwise of the Borden Government, the new Meighen Government, the new Farmers' Party, the old-time Liberalism. In Timiskaming, vacated by the death of Hon. Frank Cochrane (Cons.), and after a somewhat heated contest between Angus J. McDonald representing a Labour-U. F. O. combination, Major E. F. Pullen (Cons.), and A. G. Slaght (Lib.), Mr. McDonald was selected by 5,222 to 2,996 for Mr. Pullen and 3,090 for Mr. Slaght. The successful candidate was a Socialist who was charged by his opponents with having extreme views and he received a very large support from the farmers and the Independent Labour Party in Cobalt, etc. The Conservative candidate was assisted by a speech from Mr. Meighen, the Premier, and by Hon. P. E. Blondin; F. F. Pardee, M.P., and others assisted Mr. Slaght. On the same day, in St. James, Montreal, Fernand Rinfret, Editor of *Le Canada*, a Liberal journal, was elected to succeed the late L. A. Lapointe (Lib.) over Alphetus Mathieu (Labour) by 3,413 to 1,856 and a little before this on Mch. 31, Adolphe Stein, Liberal, was elected in Kamouraska by acclamation. On Sept. 6 the two new Ministers were re-elected. Hon. F. B. McCurdy in Colchester, N.S., defeated Capt. Hugh Dickson, United Farmer and Labour candidate, by 6,478 to 5,034 votes; Hon. R. W. Wigmore in St. John City and County defeated Dr. A. E. Emery (Lib.) by 8,125 to 3,970. Colchester had some interesting features at this juncture—it was chiefly agricultural in population with one industrial town where a strong effort was made to carry Labour with the Farmers.

On Nov. 8 two more contests took place. In East Elgin, a Conservative riding vacant by the death of David Marshall, the candidates were W. G. Charlton for the Liberals, John L. Stansell, a farmer, for the Government, and S. S. McDermand, also a farmer, for the U.F.O.; in Yale, B.C., vacant by the retirement of Hon. Martin Burrell, the Government candidate was J. A. MacKelvie, a Vernon newspaper man, and the United Farmers ran Lieut.-Col. C. E. Edgett with Liberal backing. In the former riding the Prime Minister spoke for Mr. Stansell as did Sir George Foster, Hon. Dr. Tolmie, Senator Robertson, R. C. Henders, M.P., and others; Mr. Crerar spoke for the U.F.O. candidate and Mackenzie King for the Liberal. The final vote stood 3,101 for Mr. McDermand and the U.F.O., 2,850 for Mr. Stansell and 2,012 for Mr. Charlton. In Yale Mr. MacKelvie was supported by speeches from Mr. Meighen during his Western tour and by the protectionist sentiment of the Province; Colonel Edgett was endorsed by the Veterans of the constituency and by the Liberals, as well as the United Farmers, and he favoured protection to fruit interests while Mackenzie King spoke for him when in the West. The result was 4,989 votes for

Mr. MacKelvie and 4,600 for Colonel Edgett. On July 8 J. H. Burnham, M.P. for Peterborough, who had for some time been showing dissatisfaction with the Government and had sat on the cross benches during the recent Session, resigned his seat in a letter to the Premier in which he demanded a general election. It may be added that early in the year Hon. P. A. Choquette, Stipendiary Magistrate for Quebec City, resigned his seat in the Senate on the ground of interference with his judicial duties.

Canadian Judicial Appointments in 1920

Position	Province	Appointment
District Court of Cypress	Saskatchewan	Samuel Albert Hutcheson, K.C.
Puisne Judge, Superior Court	Quebec	Edouard Fabre Surveyor, K.C.
Puisne Judge, Superior Court	Quebec	Charles Dickinson White, K.C.
Judge of the Court of King's Bench	Quebec	Hon. Joseph Mathias Tellier
Judge of the Court of King's Bench	Quebec	Hon. Joseph Victor Allard
Judge of the Court of King's Bench	Quebec	Hon. Edouard W. P. Guerin
Judge of the Court of King's Bench	Quebec	Hon. Eratus Edwin Howard
Judge of the Court of King's Bench	Quebec	Hon. Edward James Flynn
Judge of the Court of King's Bench	Quebec	Hon. Charles Edouard Dorion
Judge in Bankruptcy	Quebec	Hon. Louis B. Panneton
Judge of Probate Court	P. E. Island	Hon. A. B. Warburton, K.C.
Judge of Provincial Supreme Court	Ontario	John Fosbery Orde, K.C.
Surrogate Judge in Admiralty	Nova Scotia	Hon. Humphrey Mellish
District Court of Macleod	Alberta	Edward Peel McNeill
District Court of Peace River	Alberta	Lucien Dubuc

Imperial Honours for Canadians in 1920

P.C.	Hon. Charles Joseph Doherty, K.C., D.C.L., LL.D.	Canadian Representative at the Peace Conference
P.C.	Hon. Arthur Lewis Sifton, M.A., K.C., D.C.L.	Canadian Representative at the Peace Conference
P.C.	Hon. Sir. William Thomas White, K.C.M.G.	Lately Acting Prime Minister of Canada
C.M.G.	Brig.-Gen. Victor A. S. Williams	Services rendered in the Field
Baronet	Edward MacKay Edgar	Head of Sperling & Co., Bankers, London
Baronet	Frederick Orr-Lewis	President, Lewis Bros., Ltd, Montreal
K.C.M.G.	George Robert Parkin, M.A., C.M.G., LL.D.	Head of the Rhodes' Scholarship Trust
K.C.M.G.	Maj.-Gen. Willoughby G. Gwatkin, C.B., C.M.G.	Chief of General Staff, Canadian Militia
D.S.O.	Lieut.-Col. J. Ewart Osborne	15th Battalion—A Returned Prisoner
D.S.O.	Flying Officer H. P. Lale, D.F.C.	Services in Waziristan
C.B.E.	Squad'n Leader A. C. Maund, D.S.O.	Aviation Services in Russia
C.B.E.	Squad'n Leader F. F. Minchin, D.S.O., M.C.	Aviation Services in Russia
O.B.E.	Squad'n Leader R. Collishaw, D.S.O., D.S.C., D.F.C.	Aviation Services in Russia

PUBLIC AFFAIRS
IN
THE PROVINCE OF ONTARIO

The Drury Government: Policy and Executive Action

The new Provincial Government was given every consideration by the press and public of the Province during this year; its policy and action were closely observed throughout all the Provinces; its success or failure was bound to influence political conditions of the near future throughout Canada. The Government had only a majority of one or two in the Legislature, with its Labour allies included, but there was a sympathetic feeling for it amongst some of the Liberals and, especially, the farmer members of that party; as the year passed on the Hon. E. C. Drury found himself growing gradually stronger—first in the Legislature and then in the Province. His policy was one of conciliation and broadening out rather than any intensive cultivation of Agrarian needs or Agrarian feelings; he believed in himself and in the men supporting him as actuated by high principles and the leaders of opposing parties as mere politicians—with all the faults and failings of an opportunism which was supposed to be part of the political game. His Ministers, like himself, were without administrative experience, but as the months passed on, they measured up to their work better, in some cases, than their own friends had expected; better in all cases than their opponents had thought possible. Seats were found for the Premier and for Messrs. Raney and Doherty.

The first political incident of the year was a disturbing one created by the speech of Lieut.-Governor L. H. Clarke at a Rotary Club dinner on Jan. 12, when he referred to the prevailing unrest and added: "There is nothing which would please the Soviet agitators and the Red Bolshevists more than to abolish Government House, the office of Lieut.-Governor, and all those things which are dear to loyal Canadians. . . . I can imagine no greater calamity to Toronto and the Province than to close Government House." The *Star*, which had previously been criticising the extravagance of Government House as an institution, led in denunciation of this speech as unconstitutional, let its readers infer that the United Farmers as a party were favourable to the abolition of the institution, and urged the necessity of the Government taking some action in the premises. It obtained an interview (Jan. 14) from J. S. Ewart, K.C., of Ottawa, who described the Lieut.-Governor as exceeding his powers; the Toronto *Globe* declared (Jan. 14) that the speech was either a personal indiscretion or a deliberate challenge to the Government: "Mr. Clarke's friends and admirers prefer to think it was a mere accident of inexperience, and that he had no intention of treading on forbidden ground."

These journals quoted certain Conservative leaders as being at one time or another favourable to the abolition of this institution—J. P. Whitney in 1895, G. F. Marter, J. W. St. John, Thomas Crawford and R. L. Preston. No party, however, at this stage—Liberals or Farmers or Conservatives—would admit that they favoured abolition; there were plenty of criticisms as to expenses and references to the need for economy but this was as far as they would go; it also was found that the land upon which the Government House building stood was legally tied up by covenants which prevented its use for other than residential purposes for many years and this made the sale of the premises at anything like a fair price practically impossible. Correspondence was made public showing that, on the 14th, Mr. Premier Drury wrote His Honour enquiring if the reports of the speech were correct and referring to its terms as tending to destroy that appearance of unity which, in the interests of stable government, should be maintained between the representative of His Majesty and his constitutional advisers. Mr. Clarke replied that an erroneous impression had been created in the press as to motives which were entirely absent: "It was most certainly not in my intention to give expression to my personal views upon any matter in active public controversy. The constitutional practise in this regard is fully understood by me and I should deeply regret if the incident in question should, in the slightest degree, interfere with the good feeling which has existed between the Government and myself."

Mr. Drury and Public Affairs. Events followed one another rapidly during the ensuing months. On Jan. 8 a Manufacturers' deputation asked the Premier for a special Committee of the Legislature to deal with the 1919 Insurance Report of Mr. Justice Masten and this Mr. Drury promised; conferences were held between members of the Cabinet and the Soldiers' Aid Commission, with a view to continuing, in a certain number of cases, vocational training for returned men; it was announced that Hon. Beniah Bowman, Minister of Lands and Forests, had discontinued the issue of permits to cut ties, etc., on timber limits and that thereafter tenders would be asked for. Mr. Drury at Woodstock on Jan. 14 stated that lumbermen's dues would be raised and a policy of reforestation instituted; that back township, or rural, roads should be improved to enable farmers to bring their products to market. He suggested the method of surfacing for these roads, rather than brand new highways, for he believed they all had good rock foundations. The function of the roads was to help commerce, rather than promote the pleasure of motorists. At Guelph on Jan. 20 he promised to assist a War Memorial Hall for the Agricultural College and urged the future graduates of the College to return to the farm. During the Legislative session the Premier did not speak frequently but when he did so it was to the point. Afterwards, from time to time, he spoke upon specific subjects with vigour and effect. At Strathroy, July 1st, he told 5,000 celebrants of Dominion Day that "when the Farmers' party entered the Election contest they had no thought of being in power, but only of getting fair representation." Now that they were in power they were going to do something.

In Toronto on Sept. 22 the Premier addressed a Toronto Board of Trade banquet and declared that commerce should be serviceable, not predatory; that the bonds uniting Canada to the Mother Country were intangible and that the people would resist any attempt or scheme which would interfere with the National aspirations of the Dominion; that no man had a right to be in business until he recognized that his business was to be run for the benefit of humanity; that it was the duty of Ontario to become a unifying force for the whole of Canada and that she should chase from her borders anyone who tried to set English against French. Similarly, Canada should interpret the United States to Great Britain and England to the United States. To the York Pioneers at Sharon on Sept. 10 Mr. Drury declared that to avert some of the difficulties facing Canada it would be a great help for those of pioneer stock not to forget to work with their hands: "I believe that it is a vital thing that we never forget that 'by the sweat of the brow ye shall eat bread'."

At Oshawa on Sept. 29 the Premier expressed deep resentment at Mr. Meighen's recent speech which had been construed as placing the Farmers' party with the restless classes and Bolsheviki: "It is true that the present Farmers' political movement grew out of a class movement but it is not destructive. It is sane, progressive and representative of all the people. Have we been Bolshevik, red or revolutionary? Have we overturned anything? Yes, we have—the rottenest system of forest pilfering that ever existed on the North American continent." To Mayor Winter of Windsor, Mr. Drury wrote (Oct. 8) that he was considering legislation with regard to owners of apartment houses who objected to people with children: "This is a matter, I think, which should be put a stop to." Writing to James Simpson, as representative of the Independent Labour Party, on Nov. 2nd, Mr. Drury regretted the existing un-employment but pointed out that the Government had undertaken a very extensive scheme of road-building which was employing many men and, should wages be lowered, would employ a great many more; so with the Hydro-Electric operations.

He noted the following facts in this connection: "I would draw your attention also to the fact that there is room in the rural districts for a great many thousand men and women and the same applies to the mining and lumber industries." To the Women's Institute Convention, Toronto on Nov. 10, he made some very practical comments: "The land, as our most valuable national asset, should be guarded and cared for by the right sort of people." Country people had been too much influenced by town standards, the Premier added. Instead of developing rural life along its own lines and making it a worthy life, there had been an inclination to make it a poor imitation of city life. He called upon the Women's Institutes to help the country to develop its own standards of social life, amusement and leisure. He advocated teaching the children, also, to appreciate country life. Farmers and farmers' wives, he feared, were sometimes not proud enough of their occupation.

At a great meeting in Winnipeg on Dec. 10 the Ontario Premier told of conditions which had brought about the formation of his Government in Ontario a year before. Since that time, he said, the Government had grown in strength and in the confidence of the whole people and, when the Legislature was in session, faction had been reduced to a minimum and the Opposition was asked to participate in the shaping of legislation, which it did. He declared passion and prejudice to be the curses of Canadian public life: "In Ontario our party has broadened out, that is, if the Government is representative of the party. It has broadened to include a great number of people who say our policy appeals to them, and therefore they will support us. The Farmers have given birth to a new movement, and to try to confine this movement to the Farmers would be foolish. The Farmers have been quietly studying the business of citizenship and this movement is the result." On Dec. 18 Mr. Drury issued through the *Farmers Sun* a message of greeting to his party and the U.F.O. He indicated the difficulties faced by the new Government, claimed that the experiment had not been a failure, reviewed the legislation passed, and added:

> The Farmer-Labour Party has shown that it has the ability to govern. It has yet to demonstrate that it has the breadth of view necessary to the creation of a great progressive political movement. There are thousands of people in our Province, neither farmers nor industrial workers, who believe our principles are right and our administration wise. Shall we say to them, Ye have no part nor lot in this matter? Shall we exclude them from our ranks, and thereby encourage factious feeling which reactionary politicians will not be slow to take advantage of; or shall we, without sacrificing our principles, open our ranks to all those who are like-minded with us, thereby consolidating our gains and creating a real force for reform in Canada?

Meanwhile, the Government had made drastic cuts in the amounts allowed to returning officers for their expenses and work in the Elections of 1919; at Mount Forest on Feb. 13 Mr. Premier Drury said, at a large banquet, that he had been in favour of War Conscription in 1918 and also of the Conscription of wealth; to a deputation of the Toronto Board of Control on Feb. 18 he expressed approval of a suggested Commission, composed of Civic and Provincial representatives, to adjust accounts between Toronto and the Province and to consider such financial matters as grants to Technical schools and Hospitals, establishment of a Provincial Courthouse to relieve congestion at the City Hall and gaol and the condition of the York County and Toronto-Hamilton Highways. At London on Feb. 27 Judge Talbot Macbeth issued a statement in which he declared that certain charges against the Ontario Hospital for the Insane had broken down completely and that he would so report to the Provincial Government; early in March it was announced that Colonel the Hon. D. Carmichael had been appointed Chairman of the Soldiers' Aid Commission in succession to the Hon. W. D. McPherson and, to the *National Veteran* of Mch. 13, F. W. Pritchard of the Grand Army of Canada described 28 different and specific ways in which the Commission had aided returned soldiers and, in many respects, was still doing so; writing to the Federal Premier on Mch. 6, Mr. Drury expressed the desire of his Government to endorse and support the representations made by the Government of Canada to His Majesty's Imperial Government on behalf of the Armenian people.

The Backus Interests and the Government. A much-discussed incident of the year was the arrangement made between the Backus interests, controlling the Fort Frances Pulp and Paper Co., the Keewatin Lumber Co. and Keewatin Power Co. in New Ontario, and the Provincial Government. This concern held, in 1920, about 1,800 square miles known as the Lake of the Woods Pulp Limit and, early in June, when it was announced that they had applied for certain additional pulp leases and power concessions known as the English River Limit, there was instant protest from the Ontario newspaper publishers who had been having a prolonged and serious dispute with the Fort Frances Company over paper supplies. It was claimed that the Backus interests had not developed the grants which they had been given in 1914, on condition that they should erect a pulp mill at Kenora within three years and spend $100,000 in the first year, $200,000 in the second year, and $200,000 in the third year. The reply was a statement that the Company had been held up by delays of the International Waterways Commission in reaching a decision following certain investigations and that the limits acquired by the Backus interests from the original holders had been found to contain insufficient pulpwood to supply a big mill for more than seven years whereas a 45-year supply was necessary to warrant the expenditure.

At a special meeting of the Publishers on June 3rd, a Resolution was passed stating that: "In view of the attitude of the Backus interests towards domestic requirements of newsprint, it is not in the public interest that they should be granted any further pulp-wood or power concessions in Canada, and that all pulp-wood concessions previously granted to those interests, in respect of which they may be in default, should be cancelled forthwith." E. W. Backus was a wealthy citizen of Minneapolis who had seen an opportunity for pulp and power development in this northern country and was now endeavouring to get a substantial basis for operation. On Sept. 20 the Provincial Government met a deputation in conference, from Kenora, headed by Mayor Toole and P. J. Heenan, M.L.A., who urged that this grant be given Mr. Backus without public competition upon the ground that if the paper manufacturer was given the English River limit he was prepared to erect a pulp and paper mill at Kenora with a 200-ton daily capacity at the outset and 1,000 employees and to re-open a saw mill that had been idle for some years.

The deputation declared that Kenora wanted and needed these interests, that Mr. Backus was prepared to build a railway into the English River section to take out pulp-wood that could not be reached in any other way, that he was ready to give Canadian publishers a first call on 50 per cent. of his output, that this would be the beginning of Kenora as a city of 20,000 people. Meanwhile, definite objection had come from Winnipeg to the effect that unrestricted control given the Backus interests over the White Dog Falls on the Winnipeg River and within the English Limit and the Province of Ontario would menace the Hydro-electric plant and interests of the Manitoba capital by interfering with the flow of water. On Sept. 24 Mr. Premier Drury announced that the Provincial Government would not grant the original proposals of the Backus interests but that alternative propositions were being considered. Finally, after six weeks of negotiation in a matter which proved most complicated in details and conditions, an agreement was come to between the Government on the one hand and the Keewatin Lumber and Power Companies on the other.

According to this agreement (signed on Sept. 30) the Backus interests were to erect a pulp and paper mill at Kenora and develop the Lake of the Woods limits which they were to still hold but with double dues on pulp-wood. The Government granted a lease also of the water power at White Dog Rapids on the Winnipeg River, subject to such "rentals, reservations and conditions," as the Minister of Lands and Forests should deem in the public interest and Mr. Backus, who was the owner of the Norman dam at the outlet of the Lake of the Woods and an essential work for the regulation of the level of the Lake, consented to submit to such regulations regarding the dam as might be imposed by the Minister. The first unit of the Kenora mills was to be completed by Oct. 1st, 1921, and to have a daily capacity of 50 tons. Meanwhile, the English River limits were to be offered by the Crown at public competition and, should the Backus Company's tender be accepted, power would be available for the second unit (200 tons daily) of the pulp and paper mills; the Company also, under these conditions, undertook to operate the Kenora saw-mill and to purchase the power plant of Kenora at the price of $335,000; it would assume the liabilities of the town in its agreement with the Maple Leaf Flour Mills Co., under which the town was furnishing power to that Company at a heavy loss each year.

The Government made a stipulation that any portion of the newsprint product must be available for sale to Canadian publishers at the instruction of the Government. There was considerable approval of this arrangement and the Toronto *Mail*, the *Star* and the *Globe* all commended it; on Dec. 23 the Backus syndicate was found to be the highest tenderer, with $50,000 as the price offered, and this was duly accepted. In addition to the cash bonus for the timber on the Limit, Mr. Backus was to pay the ordinary Crown dues of 80 cents per cord for spruce and 40 cents per cord for other pulp-wood, and 15 cents each for ties, also any increased dues which might be fixed by the Government from time to time. The whole arrangement was vigorously opposed by the Toronto *Telegram* and alleged to be a grant of 3,046 square miles of timber for little or nothing in return.

Mr. Raney as Attorney-General. During the year the Hon. W. E. Raney, K.C., as Attorney-General, had charge of a number of important Government matters, in addition to the vital one of advising as to all legal affairs and legislation—an onerous position in a Government where he was the only lawyer and in a party composed entirely of agricultural and labour representatives. To him J. W. Mallon, as Inspector of Registry Offices, reported for 1919, 256,700 legal instruments registered, $161,077 paid to municipalities and $212,138 received by Registrars; to him Mr. Mallon also reported, as Inspector of Legal Offices, the receipt of $64,970 in various forms of income and decisions in various matters. For the year ended Dec. 31, 1919, V. Evan Gray, the new Registrar of Loan Corporations, reported with a recommendation that, in view of the recent failures of the Dominion Permanent and Standard-Reliance, legislation should be enacted to provide for the regular inspection of the affairs of the Loan and Trust Companies of the Province "in a manner similar to the inspection which is now in effect in regard to Insurance companies which come within the authority of the Department."

He was favourable, under certain conditions, to an extension of the limit of money which might be received on deposit by Loan Corporations and also advised the clarifying of the Act as to the borrowing of monies, by taking deposits, which was permitted Loan Companies and by receiving monies in trust for investment which was permitted Trust Companies. Mr. Evan Gray also submitted a Report as to Friendly Societies and referred to the association with his work—at the same time as his own appointment to be Superintendent of Insurance on Feb. 1st, 1920—of Frank Sanderson, LL.D., F.A.S., who was appointed Consulting Actuary in connection with Insurance matters. He referred, also, to the new Federal provisions relating to the actuarial solvency of Fraternal societies and the passing of The Maccabees, the Knights of Pythias and the Royal Arcanum from Ontario to Federal license.

The Report showed 26 Friendly Societies in Ontario during 1919 with 172,111 Provincial members, $137,677,643 of Insurance in force in the Province and $1,016,014,619 in all countries; Provincial insurance benefits paid during the year of $2,518,536 and of disability benefits $154,919; Assets in Ontario of $20,236,256 and in all countries of $59,958,458. The chief Societies in these totals were the Maccabees, the Royal Arcanum and the Catholic Order of Foresters; the chief Ontario concerns, as to amount of local insurance in force, were the Canadian Order of Chosen Friends, the Canadian Order of Foresters, the Oddfellows' Relief Association and the Ancient Order of United Workmen. Mr. Evan Gray also submitted an elaborate Report regarding Insurance and in a preliminary statement described the re-organization of the Department, the coming revision of the Ontario Insurance Act and various matters which would need consideration. There were only two small Life Insurance Companies registered and licensed in Ontario; there were 82 Fire insurance Companies of which 71 were purely mutual, 9 cash mutual and 2 stock companies. By the latter $1,358,644 was paid in 1919 for Provincial losses by fire and lightning and of the 71 Purely Mutual Companies the Assets were $12,416,845 and liabilities $21,689, the total amount at risk $369,951,356 and the losses paid $599,813.

Mr. Raney received the Report of the Inspector of Division Courts (W. W. Ellis) as to 56,633 suits entered during 1920 with claims aggregating $2,647,173, moneys paid into Court of $1,081,508 and out of Court $1,077,046. He also administered the Ontario Railway and Municipal Board which reported to him for the year of Dec. 31, 1919, with a record of 505 applications heard and including 74 for validation of municipal debentures which totalled $2,209,589 in value—a total since 1908 of $27,110,000—and a general oversight as to Telephones with the regulation of Electric Railways in the Province. On July 3rd the appointment was announced of a Public Service Commission to report on the Outside Civil Service, the advisability of extending the operation of the Lands Title Act throughout the Province, and the best mode of selecting, appointing and remunerating Police Magistrates, Sheriffs, Registrars, Crown Attorneys and a number of legal and other Provincial officers—chiefly within the

Attorney-General's jurisdiction. The members were W. D. Gregory (Chairman), Toronto, (Liberal), Dr. Horace L. Brittain and Norman Sommerville, Toronto, (Conservatives); Albert Hellver (U. F. O.), Arthur; Edward A. Pocock (Labour), London. A number of Sessions were held in the autumn.

Meanwhile, Mr. Raney had been making some speeches which aroused considerable interest—both approval and criticism being strongly expressed. In the Legislature he introduced a Bill abolishing the Provincial right of appeal to the Privy Council, which was afterwards withdrawn, and before the Canadian Bar Association on Sept. 1st he spoke strongly as to a re-organized system of appeals. To the Legislature on May 13, in stating the withdrawal of his Bill, Mr. Raney declared that the principle involved was one of self-government—a part of the national status to which Canada had now attained; he quoted Edward Blake, Sir J. P. Whitney, Sir R. L. Borden and Hon. N. W. Rowell as inclined to support abolition at one time or another and several other eminent lawyers; he read from a Memorandum prepared by Sir William Meredith, Chief Justice of Ontario, describing the appeal as chiefly used by the corporations.

In the Bar Association speech Mr. Raney took new constitutional ground: "Under the new order which is now here Canada will in the future amend her own constitution and make her own treaties. The issues of peace and war for Canada will be determined, both actually and technically at Ottawa, and the Governor-General of Canada will be appointed by the King on the nomination of His Majesty's Privy Council for Canada. Moreover, a nation cannot be a nation and have its ultimate Court of Judicial Appeal located outside its own boundaries and independent of its own Government." As to the Judicial Committee he went on to propose that it should take new form as a sort of High Court of Appeal for the nations making up the British Empire—as distinct from individuals; something within the Empire upon which an International Court might be patterned for all the nations.

In the case of the alleged wholesale and retail grocers' combine heard before the Board of Commerce—and elsewhere dealt with in that connection—Mr. Raney took special interest as Provincial Attorney-General. Early in the year he had asked the Board to make the enquiry and appointed A. W. Roebuck to present the case for the Province and the charge against the Canadian Wholesale Grocers' Association of "fixing a common price and re-sale price, and enhancing the price or cost of such articles of commerce." Following the sittings of the Board in Hamilton Mr. Raney wrote a lengthy letter, published in the press of Mch. 16, denouncing the methods and character of the enquiry as unfair to Ontario's case. When the charges were, practically, dismissed, he stated in the Legislature (April 29) that he had been granted leave to bring criminal proceedings in respect to the alleged combines: "The Government will take steps to ascertain whether the legal resources of the public and the consumer, under the existing law, have been exhausted." On April 30 the Board replied to the Attorney-General's strictures. The case was taken to the Courts and was not decided during this year.

The question of excessive rents—especially in Toronto—was brought before the Attorney-General on Oct. 8 when a conference was held between members of the Government, Toronto members of Parliament and the Civic Board of Control to discuss the question. Mr. Raney stated that the law of landlord and tenant was one of the most difficult in law: "There is no doubt of our introducing legislation, but we must avoid congestion of litigation. We could start with some fixed standard of rental as to some recent date, say January, 1919, and then provide that rents could not be increased more than, say, 25 per cent. above that." The Deputation thought rents were too high in 1919 to adopt that basis. Action was promised for 1921.

In October Orange and other interests endeavoured to induce the Attorney-General to suppress a Sinn Fein meeting at Ottawa but, in reply to a deputation on the 14th, Mr. Raney declared that (1) as to any possible breach of the peace the local authorities were the best judges; (2) as to the organization being disloyal and seditious, it was a matter for the law and the Courts to decide; (3) if really seditious action lay, primarily, with the Dominion authorities. On Dec. 15th Mr. Raney conferred with and addressed a large gathering of Insurance Managers as to proposed legislation on that subject; a draft bill was submitted and fully discussed. Two days later the Attorney-General announced that in future the Ontario appointments as King's Counsel would not be made on his recommendation, but on that of the Chief Justice of Ontario, the President of the High Court Division and the Treasurer of the Law Society. There would be no more politics in the selections for this honour.

Financial Administration of the Province. The first Budget of Hon. Peter Smith, the Provincial Treasurer, was an important matter of this period. Mr. Smith secured expert advice in the preparation of his public accounts and estimates and his statement of April 13 was both succinct and careful; it was the briefest one of many years as befitted the utterance of a farmer in a new position where, as he said, common sense was the characteristic upon which he most depended. The figures themselves were, of course, those of his predecessor in office and showed for the fiscal year ending Oct. 31, 1919, total Receipts of $19,904,772 and Expenditures of $21,464,574 or a deficit of $1,559,802; total Direct Assets of $113,219,422 and Direct Liabilities of $97,572,781 with indirect Liabilities of $19,205,142; the estimated Receipts for 1920 were $20,211,378 and the estimated Expenditures, on ordinary and capital account, $17,932,830, or an estimated surplus of $2,278,548.

Mr. Smith referred to certain book-keeping changes and stated that under Mr. McGarry's system in the late Government there would have been a deficit shown this year of only $632,813. He had changed from "ordinary revenue" to "capital receipts" certain of the revenues of the Department of Lands, Forests and Mines; the War expenditures of the late Government he estimated at $10,210,000; the receipts from War-tax were $8,186,964 and the war deficit $1,813,225. The Government, he declared, had not got a cent out of the Temiskaming and Northern Ontario Railway, although $22,000,000 were tied up in it as a capital asset: "I have my doubts whether you should call anything an asset that has no value—from which we get no returns—though there is no doubt the Railway has future revenue-producing value." He took a serious view of the Teachers' Superannuation Fund: "We are assuming a liability with the Fund that is going to grow very fast in the next few years. To-day, if the Government were to pay into it the money it owes that Fund it would total a little over $1,500,000 and if the amount had been so paid our deficit would have been a million dollars more."

He declared the valuation of the Provincial Assets was "the widest guess" and doubted if it could be more than that. As to the future: "We anticipated increased revenues from the Corporation tax. We have increased the amount on the Insurance companies and the Banks. . . . We expect to get reasonably increased revenue from the race tracks. Some people have felt that the Government should not allow gambling on the race tracks. But for certain reasons which I do not care to mention to-day, we are going to allow it to go on this year, and we are going to charge the half-mile tracks $5,000 a day, and the mile tracks $10,000 a day. That will bring an increased revenue of $750,000." At this time the race tracks were taxed on a flat rate of $1,250 per day.

The Succession duties were expected to bring in $4,000,000. In this connection a graded scale of duties was imposed on all estates of over $25,000. Where these passed to parents, grandparents, wife, husband, children or children-in-law, the duty started at one % on estates over $25,000 and not exceeding $50,000. It increased to five % on estates over $100,000 but not more than $150,000, until it reached 10% on estates over $1,000,000. There was a provision imposing additional duty where a sum exceeding $50,000 passed to any one person, which reached 35% on an estate totalling over $3,000,000. On estates passing to lineal ancestors other than parents or grandparents, or to brothers, sisters, uncles, aunts, cousins, nieces or nephews, special duties were imposed, ranging from 5 per cent. on estates between $5,000 and $25,000 up to 25 per cent. on estates over $1,000,000. Additional duties were levied when any one person received over $25,000 and the rates ran from 6% up to 20% for over $1,000,000, and 5 per cent. for every half million over the first million. The Budget passed after brief debate and with little criticism; there were no proposed amendments from the Liberal and Conservative benches.

The actual Receipts for the year of Oct. 31, 1920, were not published until the succeeding year but it may be stated here that the total was $25,078,094 and the Expenditures $25,880,843 or a deficit of $802,749. The Cash on hand Oct. 31, 1919, was $7,603,110 and in 1920 $5,671,393. The Receipts included the following chief items: Dominion Subsidies, $2,396,378; Lands, Forests and Mines, $2,007,624; Fees, etc., Provincial Secretary's Department, $2,471,495; Public Highways and Motor Vehicles $1,990,833; Succession duty $3,891,978; Corporation taxes $2,947,700; Hydro-electric Power Commission $2,767,263. The chief payments were for: Civil Government and legislation, $1,755,804; Education, $4,913,146; Maintenance of Public institutions, $3,399,021; Agriculture, $1,246,647; Hospitals and Charities $743,661; Lands and Forests and Mines $1,322,843; Public Buildings (including capital) $1,057,784. The Assets of the Province were stated at $142,983,604 which included the T. and N. O. Railway at $22,681,505, advances to the Hydro-Electric Power Commission of $53,728,693, the cost of the Central Ontario Electric System $11,763,185, Municipal Housing indebtedness of $5,892,696, estimated value of Government buildings and land $23,976,679 and purchase of Hydro power plant, Monteith, $11,394,435.

There were estimated Assets in the form of provincial resources which totalled $503,000,000 and the taxable property in the Province was assessed at $2,000,000,000. The Direct liabilities in 1920 totalled $128,191,754 and the indirect liabilities, in the form of Provincial guarantees, were $31,560,299. During the year there were various Government loans and in the House on Mch. 19 the Treasurer stated that there had been four issues of Government bonds since Nov. 13, 1919, the first two issues for $3,000,000 each, the third for $5,000,000 and the fourth issue for $4,250,000. The prices for which they were sold were $97.76, $90.44, $100.65 and $100 respectively. They were issued on Dec. 1st, 1919, Jan. 1st, 1920, Jan. 31, 1920, and Mch. 1st, 1920. The rate of interest for the first three issues was 5 per cent. and 5½ per cent. for the last. In June $8,000,000 of Provincial 10-year 6 per cent. coupon gold bonds were sold in Toronto through Wood, Gundy & Co., A. E. Ames & Co., and the Dominion Securities Corporation; on Dec. 3rd a loan of $6,000,000 (in 15-year 6 per cent. bonds) at 94·34 was taken up within 24 hours and the amount was extended to $15,000,000 and at once subscribed by the public.

Administration of Other Departments. The Hon. H. C. Nixon as Provincial Secretary, had charge of varied interests and his own Report in that capacity showed $244,571 in office fees received during the year of Oct. 31, 1919, with 1,465 charters, licenses, etc., issued, over 800 companies incorporated and more than 100 companies given the right to increase their capital. The Inspector of Pensions and Public Charities (Dr. Alex. MacKay) reported 128,452 patients under treatment in the 98 Public Hospitals of the Province during the year with 7,970 deaths, a Provincial grant of $452,752, a total received from all sources of $5,229,942 and a total expenditure of $6,346,707—including $637,898 on capital account. There were, also, 68 private hospitals in the Province, 39 Refuges with 4,874 inmates, 31 Orphanages with 5,000 inmates, 2 convalescent homes and 31 county Houses of Refuge. Goals and lockups were dealt with in a Report by W. W. Dunlop, Inspector. They were, in 1919, 50 in number and cost $235,582 for maintenance with 13,096 committed during the year; 38 prisoners escaped but 16 were recaptured.

Mr. Dunlop also reported as to Hospitals for the Insane at Belleville, Hamilton, Kingston, London, Mimico, Orillia, Penetanguishene, Toronto and Woodstock, with 6,242 patients, a revenue of $371,518 and an expenditure in 7 of these institutions totalling $1,494,709. The same official reported 1,240 patients at the two Hospitals for Feeble-Minded and Epileptics. Miss Helen MacMurchy, as Inspector, submitted a useful Report regarding the Feeble-minded, generally, in Ontario and the treatment of this class in other communities and countries as well as the Province. P. W. Ellis as Chairman of the Board of Commissioners for Queen Victoria, Niagara Falls Park—G. H. Wilkes, Brantford, Col. L. Clarke Raymond, K.C., Welland, L. H. Clarke, Toronto, W. L. Doran and Dr. H. Y. Grant, Niagara Falls, and J. D. Chaplin, St. Catharines—reported as to the various Power Companies and their use of electric power, dealt with the proposed extension of Park lands and the restoration of Butler's burying ground of historic fame; stated the receipts for the year at $530,868 and disbursements $342,448 with outstanding debentures of $835,000.

J. W. S. McCullough, M.D., Deputy Registrar-General, stated the births of 1919 at 62,774, the marriages as 26,328, the deaths as 34,010 and the total population as 2,837,425. J. W. Sharpe, Provincial Municipal Auditor, submitted to the Minister a 1920 Report which dealt with the financial condition of certain municipalities while the Bureau of Municipal Affairs, through J. A. Ellis, Director, provided special statistics for the year 1919 as to the municipal Water-works and Gas systems of the Province together with an elaborate Bulletin dealing with Municipal statistics in general and showing the rural population of Ontario in 1920 to be 999,919, the urban 520,071 and that of cities

1,129,946; the number of townships as 555, villages 148, towns 139, cities 24, counties 38, or a total of 904 municipalities; in 1919 the rural taxes were stated as $10,754,958, urban taxes $6,428,137 and those of the cities $26,424,557; the total Municipal Debenture Debt was $203,138,421, of which only $7,851,959 was rural and the School Debentures $33,355,588, with a total sinking fund of $49,254,243.

The annual Report of the Hon. Beniah Bowman, Minister of Lands and Forests, for the year 1920, reported a total area of 84,379 acres of Crown Lands disposed of, by sale or lease, with collections of $150,015. It was stated that the tendency toward purchasing lands in Northern Ontario for pioneer settlement slightly improved over the previous year. Timiskaming District, with its agencies at New Liskeard, Englehart, Matheson and Cochrane, all falling within the "great clay belt," was more largely in the eye of prospective land settlers than any other particular section. There, a settler was able to secure regular employment in the bush or lumber camps during the winter months, to earn sufficient means to assist in clearing and improving his homestead and, under a fairly generous land regulation to cut and sell his pulpwood. As to free homesteads there was a steady increase with 654 taken up during this year.

The average individual farm location increased from 125 acres in 1919 to 166 acres and the total area thus located comprised 88,813 acres. Of military grants there had been issued 69 patents for lands located by veterans and, in all, 7,440 had thus been disposed of and, including the South African War certificates, the total number of certificates issued was 12,426, leaving 1,572 claims still outstanding. The total revenue of the Department was $2,911,047 of which $81,480 came from Agricultural lands and townsites, $59,583 from Crown leases and $2,656,630 from Woods and Forests. Of lands under license there were 14,895 square miles and to the close of this fiscal year 2,227 applications for settlers' loans, representing $8,747, or an average of $384 per application were received and, altogether, 1,558 Government loans made to settlers, amounting to $490,836.

Associated with this Department was the Kapuskasing Farm Colony incident. There had been trouble in the management and complaints from the returned soldier-settlers in this Northern region and, on Feb. 21, the Drury Government appointed a Commission of Enquiry to investigate and report upon its administration, management, conduct, discipline, etc., and to take evidence and collect information and make such report and recommendations as were deemed advisable. The Commission consisted of W. F. Nickle, K.C. (Chairman), John I. McLaren and John Sharp, and their report was dated the 16th of March, 1920. The Colony had, originally, been set apart in 1917 as a settlement and money had been spent to a total of $994,608 with the making of roads and bridges costing an additional $187,560 to Feb. 29, 1920; there were, however, refunds of $142,902 and sums due to Government of $55,817.

The Report of the Commission stated that "it would have been better if the fitness of the men for pioneer work had been more searchingly considered before sending them to the Colony, and even afterwards to have returned, as unsuitable, those who did not measure up to requirements, rather than to have permitted those unfit for pioneer life to remain at Kapuskasing, not only to the disadvantage of the Colony, but also to the disadvantage of the men themselves and their families as well." It was pointed out that little or no weight ought to be attached to the statements of the Kapuskasing soldier-settlers with reference to the agricultural possibilities of that district. Their knowledge of the best methods of treating the soil and of general farming operations in such a district was entirely too limited to entitle their judgment to much consideration. The settlers themselves were criticized rather severely: "It is impossible to resist the conclusion that most of them spent money much more lavishly than pioneer conditions would warrant." It was added that immediate action was imperative and a series of detailed recommendations were made as to conditions under which the settlement might be continued.

In the Legislature on April 13 Mr. Howard Ferguson, Conservative leader, who was the Minister under whom this Colony had been established, warmly defended it, charged the Commission with being unfair, and attributed much of the trouble in the Colony to the campaign carried on by H. H. Dewart, Liberal leader, for political reasons; he declared that there was no sworn evidence taken by the Commission, no shorthand report of the evidence and no use made of files in the Department which would have put an entirely different complexion on the whole matter. The Report was accepted by the Government and, to give effect to its recommendations, a Board of Adjustment was appointed on April 17 consisting of Brig.-Gen. J. A. Gunn, C.B., A. S. Morgan and Prof. Archibald Leitch. Late in May, Colonel the Hon. D. Carmichael, Minister without Portfolio, visited the Colony and reported that action should be taken at once; finally, on Aug. 4, 1920, this Provincial Colony Farm of 446 acres was sold to the Spruce Falls Co., Ltd., under an agreement by which the Company's pulp and other mills were to be erected upon the land. The price paid was $100 an acre for the cleared and $2.00 an acre for the unstumped land.

As a result of legislation during the 1920 Session the Department of Lands, Forests and Mines was divided and Mines was made a separate Department while the Immigration and Colonization Branch was transferred to the Department of Agriculture. As Minister of Mines, the Hon. Henry Mills did not appear very much in the public eye but an efficient staff of his men was at work throughout Northern Ontario engaged in the practical work of development or of recording and describing the mineral resources of that region. T. W. Gibson, Deputy-Minister of Mines, submitted his usual careful and elaborate Report as to production in 1919—which totalled $58,883,916—with a Review of the Mining Industry by W. R. Rogers and a second Report of the Joint Peat Committee appointed jointly by the Governments at Ottawa and Toronto, a Geological Study of the District of Patricia and other valuable papers.

Other important publications of this Department in 1920 included a Report on the Kirkland Lake Gold Area by A. G. Burrows and P. E. Hopkins, Studies of the Ben Nevis Gold Area in Timiskaming, the West Shiningtree and Matachewan Gold Areas, the Argonaut Gold Mine and the Gowganda Silver Area by expert investigators; the Strategraphy and Palæontology of Toronto and its vicinity by Beatrice Helen Stewart; a Study of the Geology and Iron Ore Deposits and Clay and Shale Deposits of the Abitibi and Mattagami Rivers north of the Transcontinental Railway. Early in 1920 E. S. Estlin was appointed by the Minister as a Commissioner to enquire into and report upon the supply of natural gas in the Province—present and future—with particulars as to production, prices, capital investments, distribution and usefulness of the product. He held a number of sittings, heard 102 witnesses and reported, in part, as follows:

1. There are two recognized areas of production commonly known as the eastern and western gas fields, the former having been drawn upon for about 30 years and the latter for about 14.

2. There is a shortage of natural gas for home use in cold weather, at a time when it is most required—caused primarily by a field depletion common in the history of all gas areas, accelerated by excessive consumption during the war period.

3. This depletion is not being offset by development work because of prohibitive costs, and for this reason will become more acute each year.

4. Gas enterprises no longer hold out hope of financial gain under present conditions, and do not attract further capital.

5. If a general re-adjustment in the whole situation does not take place immediately this valuable fuel supply will be lost to about 15 per cent. of the population of the Province.

6. The need of seeking for new resources of natural gas at greater depth is apparent; this not only brings greatly increased costs, but also multiplies the risks, and the production end of the natural gas business is a miner's risk not lightly undertaken.

7. The commercial end of the enterprise is hedged in with contractual obligations assumed when the fields were young and the wells flush, and the whole situation under prevailing conditions holds out no promise of improvement.

Game and Fisheries were under the control of this Minister and his Report for 1920 showed a revenue of $466,550, expenditures of $239,978 and a surplus of $226,572; the revenue was nearly three times that of 1915. Commercial licenses were issued in 1919 for 5,960,158 yards of gill nets, there were 4,156 men engaged in the Fisheries with an investment in boats, etc., of $3,039,682 and the catch for this year of $2,721,440. Hunting licenses issued included 796 non-resident, 16,943 resident, deer and 1.988 resident, moose; the Deputy-Minister, D. McDonald, referred to the creation of the Nipissing Game Sanctuary in Carleton-Renfrew and strongly urged the establishment of others. The development of Provincial hatcheries was continued, notably at Fort Frances, and there was a total distribution of 43,985,000 whitefish fry and 31,030,000 pickerel fry.

In July a change was carried out in the enforcement of the Act, as to both fish and game, and the large number of part-time overseers were replaced by full-paid officials who were to devote their entire time to the interests of the Department and to operate under the control and guidance of District Wardens. The Department sale of fish as a food, and with the idea of cheapening the supply to the public, was continued in 1920 with profitable results—the latter due in part to a sale of surplus products in American cities. The Government, while only trying to pay expenses, sold 3,000,000 pounds of fish in 1919 and made a profit on fractional amounts. There was objection to this policy expressed by wholesale dealers in fish. Normally, as the Toronto *Star* of Aug. 31 pointed out, nine-tenths of the catch of the fishermen went to the United States: "But the wholesalers object because the Government takes the fish caught by its fishermen-contractors and sells direct to the retail trade, allowing the retailers 3½ cents per pound for passing them on to the public." Naturally, the wholesaler did not like this process.

Incidents of the Year. It may be stated here that the annual Report of the T. & N. O. Railway Commission was submitted by the Prime Minister and showed a total mileage of 466 miles with an Operating revenue of $4,088,544, Operating expenses of $3,687,999 and net earnings of $298,842 compared with $53,153 in 1919. Increased labour wages added to the expense by $260,000; the passengers carried were 7,755,421 and the freight 11,142,341 tons. The Commission was composed of J. L. Englehart, Chairman (who died during the year), G. W. Lee and Hon. R. F. Preston, with W. H. Maund as Secretary-Treasurer and A. A. Cole as Mining Engineer. A Report was issued, prepared by Mr. Cole, and dealing with the Mineral production of various points touched by the Railway in the North. The 2nd annual Report of J. M. McCutcheon, Civil Service Commissioner, was also made to Mr. Drury as Prime Minister. There were stated to be 3,850 employees in the Ontario Public Service with about 18,000 seasonal and part-time workers.

During the year 24 temporary employees were appointed to the Permanent Staff and 25 permanent employees were promoted—the promotion in the majority of cases carrying an increase in salary. Several employees were transferred from one Department to another and there were 243 applications for positions received during the year. The classification of the Service was continued into 1920 and his objects as Commissioner were summarized by Mr. McCutcheon as follows: "To remove inequalities and anomalies; to establish standards on which to base definite lines of promotion; to standardize salaries and to establish improved methods of providing for increases; to establish a standard title and to specify the work requirements for every class of position in the Public Service; to provide a convenient summary of the various positions in the Service, the qualifications necessary for appointment thereto, the compensation paid, and the promotions that may be anticipated." He described the outstanding needs of the Service as (1) classification of the positions; (2) standardization of salaries; (3) the adoption of a retirement system and (4) application of the merit system.

Government incidents of the year—the Departments of Agriculture, Public Works and Highways, and Labour, are dealt with separately—included the occasional expression of a separationist advocacy in Northern Ontario and which was strongly urged at Port Arthur on Nov. 24 by F. H. Keefer, M.P. of that place. He declared that "absentee government is not as good as local government" and this the Grand Trunk Railway learned when it tried to manage its affairs from England, and that a Province was an enlarged County Council and when a County became unwieldy a new County was formed out of it; "I don't think it advisable to continue as we are and the sooner we let old Ontario see we want to manage our own affairs the better." He proposed that the four electoral districts of Rainy River, Kenora, Port Arthur and Fort William, extending from Manitoba to the White River, from Lake Superior and Minnesota to Hudson Bay, and including the District of Patricia—with an area of 72,000,000 acres—should be taken and formed into the Province of Superior. Brig.-Gen. D. M. Hogarth, M.L.A., supported the idea.

W. L. Smith, one of the founders of the U.F.O., had a long article in the *Farmer's Sun* of May 22 criticizing the extravagance of past Provincial Governments and the increasing expenditures of the present one: "Is there no danger of a Government, located in Toronto, yielding to city influences, which always clamour for liberal spending of public money, and forgeting its promise of rigid economy in public expenditure? Is there no danger of a Government, new to office, being too susceptible to the influence of officials by which it is served?" Late in the year the Government appointed a Provincial Board of Censors for Moving Pictures as follows: Major A. S. Hamilton (Chairman), L. J. O'Connor, returned soldier, J. C. Boylen, Private Secretary to Hon. Mr. Doherty, Mrs. Edmund Phillips and Miss V. Hammill. Speaking at Stratford on Dec. 6 Hon.

Peter Smith, in whose jurisdiction this matter lay, stated that the old Board of Censors consisted of four members, each drawing a salary of $400; it censored all pictures—some 5,280 in the course of the past year. Of this number 384 were forbidden, 700 had parts deleted and 101 went to the Appeal Board of which the speaker was Chairman. Of these 101 appeals 53 had been allowed with certain deletions. As to the new Board its powers would be greater and the Chairman would receive $3,500 and the other Commissioners $2,500 each.

On Oct. 1st the War-time Moratorium of 1915 ended but with a provision that if the principal of a mortgage was overdue it woud not fall due until the interest day or Jan. 1st next. The Provincial appointments of the year were varied. On April 9 it was announced that George C. Creelman, M.A., LL.D., President of the Ontario Agricultural College, would be Agent General for the Province in London in place of Brig.-Gen. R. F. Manley Sims, C.M.G., D.S.O., a Canadian officer who had distinguished himself in the War. Horace Wallis, the popular Private Secretary to Sir James Whitney, Sir William Hearst and Mr. Drury as Prime Ministers, retired from that post to take over active work as Deputy Head of the Prime Minister's Department—a position he had nominally held since 1913; James Clancy resigned as Provincial Auditor and A. R. Boswell, K.C., as Superintendent of Insurance. Miscellaneous appointments were as follows:

Administrator of Government	Hon. Sir W. R. Meredith	Toronto
Superintendent of Insurance and of Loan Companies	V. Evan Gray, M.A., L.L.B.	Toronto
Consulting Actuary to Insurance Department	Frank Sanderson LL.D.	Toronto
Provincial Auditor	Gordon Brown	Toronto
Master of Titles	George W. Holmes	Toronto
Deputy Police Magistrate of Toronto	James Edmund Jones	Toronto
Crown Attorney of Brant	William M. Charlton	Brantford
Crown Attorney of Wellington	John M. Kearns	Arthur
Crown Attorney of York	Eric N. Armour	Toronto
Deputy Police Magistrate of Hamilton	William D. McHaffie	Hamilton
Police Magistrate of Sudbury District	Thomas Stoddard	Copper Cliff
Police Magistrate	William E. Gundy	Windsor
Police Magistrate	J. H. Shannon	Harriston
Police Magistrate	John C. Stewart	Pembroke
Police Magistrate	David Craig	Arnprior
Police Magistrate	J. A. T. Richards	Iroquois Falls
Police Magistrate	James A. Stewart	Kapuskasing
Police Magistrate	Thomas L. Hamilton	Listowel
Police Magistrate	J. Franklin Vance	Waterdown

Policy of the Ministers of Agriculture, Labour, Public Works and Highways

These three Departments specially appealed to the public interest during the year and the Hon. Manning W. Doherty as Minister of Agriculture, in what was chiefly a Farmers' Government, naturally came first. In his Department he at first carried on very largely along the lines of his predecessor; it had for years been an active Department with much work of an educational character to its credit and this continued. The Report for the year ending Oct. 31, 1919, covered, of course, the last year of Hon. Mr. Henry's administration. In this period the registration at the Ontario Agricultural College was 2,115—the students coming from all parts of the Dominion and 8 other countries; there were reports from this institution as to all kinds of work and experiments with stock and crops and poultry, efforts at fighting insect pests and plant diseases, studies of soils and water supplies. In 1920 the students numbered 2,386. The Ontario Veterinary College had an attendance of 70 students and of 95 in 1920.

The publications of the Department (1919) numbered 16 annual reports of agricultural organizations with 239,500 distributions; the issue of 24,000 Crop Bulletins and 297,000 others dealing with varied products of fruit and farm; the distribution of 66,000 circulars treating of special matters of the year. The grant to Agricultural Societies was increased from $10,000 to $85,000—in 1920 it was $160,000—and there were 350 of these Societies holding annual exhibitions; Horticultural Societies had 100 local branches with 20,000 members and received a grant of $17,000; the Women's Institutes numbered 925 with 30,000 members and 728 public meetings during the summer. The Agricultural representatives of the Department in the Counties did much work and their total of letters written and received in 1919 was 147,512 with 155,130 circulars mailed and 380,735 miles travelled by automobile. The Federal grant of the year was $336,303 of which $115,000 went to the O.A.C. and $126,000 to Agricultural representatives. The agricultural appropriations of 1920 were $1,930,844. During 1920 the publications under Mr. Doherty included the following: Motor Transportation in Rural Ontario by A. R. Cowan; Farm Management by Prof. A. Leitch, B.S.A.; Bee Diseases in Ontario by F. E. Millen; Alfalfa by C. A. Zavitz, B.S.A.

Mr. Doherty and the Department of Agriculture. The new Minister paid his first official visit to the Ontario College on Jan. 5, held a conference with the teachers and praised the work of the institution; on the 28th he opened at Blenheim a series of meetings in connection with his by-election in East Kent—where J. B. Clark, U.F.O. member, had resigned. Here he outlined the Government's policy as not one of class: "The business men of Ontario, the industrial magnates, and the professional men, can rely on their interests being regarded carefully." He believed the main efforts of the Government along agricultural lines should be (1) the building up of a rural public school system "which will not point the young folk to the cities, but will enable them to get a fairly complete education in the country;" (2) a Highway policy "which will give good roads to all the people before it gives perfect roads to any of the people"—with specific expenditures on township roads in grading, gravelling and macadamizing; (3) extension of Hydro-electric power to the farms.

At Ridgetown on Jan. 29 he predicted the establishment in Kent, either by Dominion or Provincial Government, of an Experimental station. As to the O.A.C. he expressed great faith in it but it must turn out practical farmers—and only a few professional agriculturists. Speeches followed at Highgate, Bothwell and other points. H. H. Dewart, K.C., the Liberal leader, tried to induce his supporters to oppose the Minister and, at a Convention on Feb. 2nd at Thamesville, made a vigorous attack upon Mr. Doherty of a nature more personal than political. He charged the Minister with having organized in 1911, and managed for years, the Maritime Dredging and Constructing Co. which, in 1913-19 had made profits of $4,571,683; based upon this he declared Mr. Doherty to be a "profiteering contractor."

The Minister's reply was given to the press on Feb. 4: "I have never had any connection whatsoever, direct or indirect, financial or otherwise, with any business except my farm since the outbreak of the war. I am very proud of the record which I made during the three years I was Manager for the Maritime Dredging & Construction Co., Limited. The Minister of Public Works for Canada, speaking in St. John in 1914, stated that the experience which his Department had had with the Company of which I was Manager was almost unique in the history of Canadian public affairs. We had completed a contract amounting to nearly a million dollars six months ahead of time, and had never asked for a single change in the specifications, nor had we asked for a single dollar of extras." The Convention voted by 34 to 32 against running a candidate and the Minister was returned by acclamation.

Speaking to the Hamilton Board of Trade on Apr. 10, Mr. Doherty declared that the interests of the rural communities and the urban centres of population were closely allied and said that if the flow of rural residents to the cities were not turned back, living costs in the cities would eventually become unbearable to the masses: "What the farmers want is social, economic and political equality with all other sections of the country. At one stage of the national life, 30 per cent. of the people lived in the city and towns, and 70 per cent. on the farms. This ratio is now reversed but must be changed, if living costs in the urban centres are to be improved."

In the Legislature on May 6, the Minister stated that certain health conditions had not been good at the Monteith Government Farm in the North and explained that 25 out of 26 head of cattle there were found to be tubercular. They had been slaughtered, after the suspicion of tuberculosis was verified and he now asked $5,000 to replace the herd. Ontario, he declared, was not worse in this respect than other Provinces or States, but the Department would do everything it could to clean up the herds of the Province. The Monteith Farm, it may be added, was located 35 miles from Cochrane, contained 800 acres of which 150 were under cultivation, about 150 in pasture, and the balance still in its virgin state. It was well equipped with modern buildings, farm machinery, and live stock and the cattle were all purebreds of the milking strain of Shorthorns. Well-bred sheep, hogs and horses were also maintained and, as part of the institution, there was a School of Agriculture for Northern Ontario equipped for 100 pupils. A matter of wide-spread interest in 1920 was the question of Rural credits and, in the Legislature on Mch. 17, Mr. Doherty stated that a system of rural credits was the best means of keeping the sons of farmers on the land. Seldom could the farmer establish more than one boy, and the second, third and fourth son drifted to the cities and was lost to the farm. There were also the trained farm labourers, who were well fitted to take up farms, but were unable to do so for financial reasons.

He, therefore, proposed to have the subject investigated and, a little later, a Special Committee composed of Prof. W. T. Jackman, Political Science Department, Toronto University, Thomas McMillan, farmer, Seaforth, and M. H. Staples, B.A., farmer, Millbrook, was appointed to enquire into and report upon the subject. Incidentally, he stated in this speech that the average working wage for a farmer and his family was only 40 cents an hour. He complimented the former Minister, Mr. Henry, on having instituted farm surveys, and announced his intention of extending them. The Report of this Committee was submitted in November, following, and dealt at length with the importance of credit to the business world and to the farmer; referred to the alleged inadequacy of facilities for the farmer under a Bank Act which was said to have been framed for other classes; described the methods adopted in other countries and Provinces to meet similar difficulties; reviewed the obstacles and proposed a solution. The suggestions may be summarized briefly:

1. There should be established with private capital a savings institution with power to receive on deposits the savings of farmers and others and to pay interest on these savings at the rate of 4% per annum. They would be guaranteed by the Provincial Government and the depositors would have the same right of withdrawal as from a savings account in a chartered bank. Under this system the depositor could invest his funds at 4% interest and have the security of the Government that he would be able to get them at any time when he needed them. Out of these savings and funds the farmers' demands for short-term loans could be met at a rate of 5 or 5½ per cent.

2. As to long-term loans a Government-managed system in any form was opposed: "We propose the organization of a Land Mortgage Bank to act in conjunction with the Rural Credit Societies. This bank should have a capital stock of $500,000, subscribed and taken by farmers, and payable in installments of about 25 per cent. When one-half of

the stock has been paid in, the bank is ready to commence operations. The applications for long loans are passed upon, in the same way as those for short loans, by the Directors of the Rural Credit Societies, and their approval of the loans is handed on to the Land Mortgage Bank in Toronto." When satisfied as to this security the loan could be made. As soon as the Land Mortgage Bank had issued loans out of its paid-up capital to the extent of, say, $100,000, it could then mass these mortgages, and upon that security could put out a series of debentures which would be sold to investors (farmers or others), and the funds obtained thus used to make further loans upon farm land securities.

3. The short-term credit Savings institution and the long-term credit Land Mortgage Bank "we propose to unite by giving the Land Bank the power to receive savings deposits and pay interest on them."

Meantime, Mr. Doherty had been planning various changes in the Ontario Agricultural College and on June 16 these were announced by him as follows: "In future, any candidate for admission to the College who is at least 18 years of age, and who has had one year of farm experience, may enter the two-year course in agriculture. Candidates for the degree course must be 18 years of age; must have had one year's farm experience and must have passed the examination for junior University matriculation; experienced farmers, 21 years of age or over, who lack not more than one year's study of matriculation standing, may commence the four years' course on the condition that they complete their matriculation, before entering the third year." As to general conditions, the Minister explained that an agricultural college was expected to satisfy two distinct demands: (1) to train and educate men who intend to make farming their occupation; (2) to train and educate men who will become professional agriculturists, that is teachers, investigators, agricultural representatives, journalists, administrators in agricultural Departments. Hitherto these two objects had been combined in courses; it was now proposed to recognize the difference of aim and to establish two entirely distinct courses in agriculture.

For the degree work it had been decided that high school matriculation should be required. For the two-year course no educational standard would be exacted. The latter course was to be based on the belief that a farmer should have some knowledge of business, banking, credits, loans, markets and marketing, transportation, tariff and taxation, planning farms and farm-work, and the right relation between capital invested, maintenance cost and revenue. The four-year course was specially devised to meet the demand for specialists in field husbandry, animal husbandry, horticulture, dairying, poultry, agricultural chemistry and biology. At this time, also, following the retirement of Dr. Creelman, J. B. Reynolds, M.A., President of the Manitoba Agricultural College, was appointed to the same position at Guelph.

During the ensuing July and August Mr. Doherty paid a visit to the Pacific Coast, primarily to see a brother at New

Westminster who was dangerously ill and who afterwards died, but also with some Government business in hand. At Goderich, on Sept. 9 he told the Board of Trade that the whole world for the past 25 years had been insanely drunk with the desire for industrial development, and that this was one of the causes of the Great War. Industrial development, he said, must go hand-in-hand with agricultural development, and for the security of the country there must be a contented rural population and just conditions for the workingman. He believed the time was ripe for the securing of a large immigration of farmers and agricultural labourers from the Old Country, and Dr. Creelman had been sent to England to see that the right kind of material came out to this Province.

At the Canadian National Exhibition luncheon on Sept. 10 the Minister protested against the continuance of British Government control of Canadian bacon; he thought the time had come for the Government to aid in improving the breed of high grade heavy horses in Ontario; he criticized the continued British embargo on Canadian cattle and urged that if it were desired to protect any special class the British Government should frankly say so and relieve Canadian cattle of the aspersion on their health. To the Agricultural representatives in the Counties the Minister, early in October, addressed a letter declaring that it was the desire of the Government that the reforestation of waste lands be encouraged as generally and as rapidly as possible: "In every township there are areas of land which are used for absolutely no purpose, but which would, with attention, produce a crop of timber in a comparatively few years and fully repay the effort and expenditure devoted to the matter. To bring this subject prominently to the attention of the people the Government would like to see a Demonstration plot established in each township, and to this end desires the co-operation of the Township Councils. If the Council will purchase an area suitable for this purpose on a well-travelled road and have it properly fenced, the Government will undertake to supply and plant trees to reforest such area and look after it in the early years of growth."

During this period the question of Milk and its price aroused keen discussion; on May 3rd the Department of Agriculture had appointed a Commission composed of E. S. Archibald of the Dominion Department of Agriculture (Chairman) Prof. A. Leitch of the College of Agriculture, R. L. Hicks of Newtonbrook, Thomas Bradshaw and C. B. McNaught of Toronto, to enquire into and report upon the Milk problems and prices of the day; on Aug. 26 it was announced that the Toronto Milk and Cream Producers' Association had fixed the price of milk during the next eight months at $3.25 per eight-gallon can. This decision met vigorous opposition from distributors and consumers; the Board of Commerce intervened and on Sept.

1st ordered a return to the old prices. Mr. Doherty at once protested from the standpoint of the farmer-producer and wired Mr. Premier Meighen at Ottawa urging the rescinding of this Order: "The Ontario Government Milk Commission has been investigating cost of production for the last three months and has submitted report in elaborate detail. This Report is available to the Board and is the most up-to-date and accurate information yet compiled on this matter. Report fully justifies increased price. Will you have Board rescind Order suspending prices until after investigation? Immediate action in interests of all parties. Would appreciate early announcement that present prices may prevail until investigation takes place."

The Commission's Report had not yet been published but was at once issued. It dealt with the cost of producing milk in the Counties of York, Oxford and Dundas and the cost, based on a survey of certain farms in York County, for an 8-gallon can of milk, was placed at $2.96. To this figure was added 30 cents for city delivery, bringing the price up to $3.26 per can, as against $3.25, the wholesale price which, it was proposed, would govern the retail distribution of milk in Toronto for the winter months. A statement accompanying the Report from the Minister of Agriculture, pointed out that, as $3.25 per can was the winter price prevailing for 8 months, and $2.65 the price for the four summer months, the average price received for the year was $3.02 per 8-gallon can of milk; yet, according to the figures compiled by the Committee, the actual cost of milk the year round per 8-gallon can was $3.26. The Board of Commerce at once held hearings in the matter and, on Oct. 6, announced that in view of the facts recited by Mr. Doherty's Commission and of local conditions, the proposed prices would be allowed to stand.

It was announced at this time that Mr. Doherty was to visit England, inspect agricultural conditions there and promote agricultural emigration; in an address at London, Ont., (Sept. 15) he declared that the Ontario Government wanted more farmers and more farm labourers and that hundreds of these classes were making enquiries about Canada in England. At the end of this month the Minister was in England and one of the first enquiries he made was cabled out on the 27th: "Who puts up the price of Canadian apples 300 per cent. between the time they leave the original point of shipment and the period when they are finally exposed for sale in Covent Garden, London's famous fruit mart?" They were being sold at $18 per barrel after realizing in Canada only $6. As to this he told the London press (Oct. 28) that "there is no reason why Canadian perishable fruits and dairy products, such as butter, shouldn't be shipped to Britain. South African peaches are brought here advantageously in 28 days and it would take less than half that time to come from Canada." He then made this rather startling proposition: "After completing a study of a number of English farms, it seems to me it would benefit England to abandon the production of cereals such as wheat and devote the land to grazing while depending on Canada for the wheat."

Following this Mr. Doherty inaugurated a vigorous campaign against the British Board of Agriculture and Government in respect to the Embargo on Canadian cattle.* He inspired deputations, influenced newspapers, made speeches and even promoted political action. Incidentally, he investigated the Bacon trade and probed into butter and cheese market conditions. On his return the Minister submitted to the Government a Report which appeared in the *Farmers' Sun* of Dec. 1st. In it he stated that he would recommend the maintenance of the present Provincial quarters in the Strand as quite suited to existing conditions; that he had endeavoured to make some arrangements for getting the surplus fruit production of Canada to meet the tremendous demand in England and that it was "simply a matter of getting the fruit on the market in good condition;" that to meet the "fruit ring" conditions in the English market fruit would have to be handled, co-operatively, right to the British consumer. Hesaid as to this: "Our Fruit Associations in Ontario should pick, pack and grade and ship their fruit co-operatively. I have made arrangements with a British Co-operative Society to handle our Ontario fruit right to the consumer."

The Minister dealt at length with the Cattle embargo: "I feel, and I have felt for some years, that probably no greater service could be rendered the Canadian stock farmers than to have this embargo lifted. It is my opinion that if our Government succeeded in having this embargo lifted, and did nothing else, it would have amply justified its existence." His first effort had been to get beyond the Department of Agriculture to the Prime Minister and to do this he had enlisted the co-operation of Lord Beaverbrook and his newspapers, had seen Mr. Bonar Law and instituted a campaign of publicity; he declared the British farmer, the British consumer and the British business man to be in favour of lifting the embargo; against it was the breeder of pure-bred cattle and, he might have added a growing Protectionist sentiment in the country.

References followed to the Tobacco market and its possibilities for Canadian growers, to Dairy interests and cheese and butter; finally, he declared that 10,000 to 20,000 British farmers and farm labourers should come out in the spring of 1921. Following up his suggestions as to fruit, and upon the invitation of the Minister, a Committee representing the various organizations in the Niagara district, along with representatives from the Departments of Agriculture of the Federal and Ontario Governments, met at Vineland on Dec. 24 with the C.P.R. also represented. A Resolution was passed declaring that a Central Co-operative organization embracing all branches of fruit would be in the best interests of the industry as a whole. Organization along this line was recommended.

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*Note.—See Section on Agriculture in Canada

Mr. Biggs and the Good Roads Question. By virtue of his policy of improved highways and better roads, the Hon. F. C. Biggs, Minister of Public Works and Highways, became in 1920 known far beyond the Province of Ontario. W. A. McLean, Deputy-Minister of Highways, had for years been preaching the doctrine; the late Government had carried out a definite policy along these lines—especially in the North—through Hon. Mr. Macdiarmid, the Minister in charge; but it remained for Mr. Biggs to make this subject one of the chief platforms in Government policy. On Jan. 13 the new Minister addressed the Ottawa Board of Trade and stated that his policy was to take over County roads as Provincial roads, making a total of 1,600 miles (instead of 422 miles) on which the Federal Government would be asked to pay a 40 per cent. grant, the Provincial Government 42 per cent., the remaining 18 per cent. to be paid by the municipalities.

He commenced with a reference to the problem of living costs and went on: "I have asked myself if we cannot, by using the money we get from motor licenses, the money the Dominion grants for roads, and a general appropriation from the Consolidated Fund of the Province, spend the total on roads in such a way as to reduce the cost of living." Trunk roads, he added, were important, but so were the feeders without which their value was greatly lessened. As to details, he favoured the immediate completion of the Ottawa-Prescott highway, partly in macadam and partly in gravel; an amendment to the Highway Act, permitting the paying of 20 per cent. to the townships of the cost of construction and maintenance of the township roads, aside from statute labour; legislation eliminating statute labour and the Government to pay 40 per cent. of the wages of township road supervisors, and not 25 per cent. of $600, as at present; proper supervision of all roads, continual inspection and repair by section men, with sand, gravel and crushed stone to be always on hand.

In Toronto on the following day he stated that at Ottawa he had succeeded in securing $6,000,000 of the Dominion Government's 20-million Fund, for the Province of Ontario; that the amount to be expended on main roads within the Province during the next five years would be $15,000,000—six millions from the Dominion, six millions from the Province and three millions from the municipalities. The policy as a whole involved, chiefly, the improvement of the township roads, with the whole Province bearing the expense, the keeping of all roads in a proper state of repair, the taking over of county roads as Provincial roads, the allocation of a proper share of the Dominion Government grant. In London on Feb. 6, before the Western Ontario Boards of Trade, Mr. Biggs urged his policy and at Toronto on Feb. 26 he announced that the Government had decided to take over as a Provincial highway the 100-mile road from Port Credit to Owen Sound.

In *The Globe* of Feb. 28 W. A. McLean, Deputy-Minister, stated that Ontario had, approximately, 55,000 miles of public roads, 42,000 miles being reported as well-graded roads, with 22,000 miles, or 52 per cent. of the latter, surfaced with gravel, broken stone or other material: "These surfaced roads, it is true, in many cases are not well-built and are far from well maintained, but the record is, nevertheless, one rarely equalled in the American States and by not one of the Provinces of the Dominion." He added that the County Councils had used $5,000,000 on roads in 1919 of which the Government paid one-half. Mr. Biggs also contributed an article to this issue. A large deputation on Mch. 2nd asked Mr. Premier Drury and this Minister to designate a permanent highway in the Western Ontario peninsula, the approximate cost of which would be $8,000,000 to be spread over a five-year period of construction. Mr. Biggs promised to designate two highways which would double the length of road construction; but he did not declare how permanent the character of construction would be. President K. W. McKay of the Ontario Good Roads Association told that body on the same date that 10,000 miles of road had been assumed by the County Councils, of which 233 miles were included in suburban areas. The estimated Provincial subsidies payable for 1919 amounted to $2,300,000 and the expenditure on all classes of highways, townships, county or Provincial was over $8,300,000.

At this Convention Mr. Biggs spoke at length. "The shortage of labour," he said, "necessitates quick transportation." Good roads would help the farmer to produce more and would go a long way to relieve the unrest which was widespread throughout the rural districts. Traffic had changed greatly since the days when the first "good roads" policy was formulated: "We must wake up and formulate a new policy, a 20th century policy. I contend that we must build roads not with a view to tourist traffic, but rather to develop our agricultural industry. I contend that the farmers' necessities in the way of good roads are the most important." He stated particulars of his policy and specified 22 proposed new roads. The list was as follows:

Highways	Miles
Windsor to St. Thomas (Talbot Road)	126
St. Thomas to London	16
Maidstone to Lambeth	105
Toronto to Hamilton (Dundas Street)	37
Cooksville to Owen Sound	102
Toronto to Bradford	31
Bradford to Severn River	55

Highways	Miles
St. Thomas to Niagara Falls	141
Jarvis to Hamilton	27
Hamilton to Chatsworth	103
Arthur to Kincardine	64
Sarnia to Road No. 11	62
Stratford to Brampton	77
Hamilton to Kitchener	32
Stratford to London	47
Stratford to Goderich	42

Highways	Miles
Toronto to Rouge River	11
Whitby to Lindsay	36
Port Hope to Peterborough	26
Kingston to Ottawa	102
Ottawa to Point Fortune	69
Ottawa to Pembroke	89
Existing Provincial System	422
Total	1,827

Brig.-Gen. C. H. Mitchell, in speaking afterwards, characterized the plans of Mr. Biggs as one of the most progressive schemes ever put forward. He assured the delegates that the University of Toronto would provide plenty of scientifically-trained men to carry out the good roads work. Following the Minister, W. A. McLean stated that the enormous increase of vehicular traffic over the roads of the Province required increased expenditures of money for upkeep and maintenance and he estimated that in the next five years the Government would annually spend $12,000,000 on the roads, or about $60,000,000 in the entire period. The comment of the Toronto *Globe* (Mch. 5) described this policy as "bold and enterprising" and as calculated to give satisfaction in city, town and country. In the Legislature on Mch. 25 the Minister introduced legislation to set aside $2,000,000 as a Fund from which loans could be made to the townships for improvement of roads within the municipalities.

The loans would be repayable without interest within a period not exceeding five years and be in addition to the regular grant. The Minister of Highways would have power to say how much should be loaned to any township and it could not exceed an amount equal to ten mills on the equalized assessment of the township. The Government would undertake to accept municipal debentures as security, and these would not require the approval of the electors or be subject to other restrictions generally applied to debentures. In addition to the proposed loans the new Act would reimburse townships for 20 per cent. of their own expenditures on township roads and the Government retain a right of supervision over the expenditure. The Bill also gave assistance to the townships by making grants of 40 per cent. of the salaries of township overseers or foreman on road construction. It passed in due course and in addition to this, further legislation arranged to set aside the sum of $3,000,000 annually for five years for the creation of a Fund from which would be drawn all amounts expended by the Government on Highway improvements. The monies received from the Federal Government as Ontario's share in the Dominion's aid to the creation of good roads would be credited to this Fund and so with the revenue from licenses and other sources under the Motor Vehicles Act—less an amount sufficient to provide for Sinking Fund and interest in respect to any issue of bonds required to raise the annual appropriation of

$3,000,000. A start was to be made with the $1,580,000 received in Motor revenues for the year ending Oct. 31 last.

On Mch. 28 a deputation including D. A. Ross, M.L.A. of Winnipeg, Mayor A. H. Dennis, of Fort William, ex-Mayor E. J. Blaquier of Port Arthur, Mayor G. A. Toole of Kenora and Mayor H. Cornish of Keewatin, waited upon the Ontario Government and urged co-operation in the construction of a trunk road from the head of the Great Lakes in Ontario, to Winnipeg. In the House on April 7 the Prime Minister summarized the Government's policy as "roads for all the people rather than for a few people," and described the 1,800 miles of new or improved highways as not tourist roads but market roads. Mr. Howard Ferguson, Conservative leader, described the programme as an ambitious one and hoped for the best but had doubts upon some points; his chief objection was as to taking over so many roads and paying maintenance costs before improvements were started; he could not see the wisdom of that plan and could see a tremendous possible expenditure without any more roads being built.

Mr. Biggs pointed out that the new programme lessened the responsibility on Provincial highways from 60 to 40 per cent. and of municipalities from 40 to 20 per cent.—the difference coming out of the Dominion grant. At Winnipeg on June 1st, the Minister told the Canadian Good Roads Convention that he was working out a scheme which would provide 2,000 miles of Provincial highways at a cost of $185,000,000. To a Milton gathering of the U.F.O. (June 12) the Minister made a strong appeal for his policy and on July 2nd the Government took over the existing roads in the Counties of Middlesex, Kent and Huron.

Meanwhile, the progress and nature of the Prescott-Ottawa highway had created controversy. H. P. Hill, M.L.A., wrote Mr. Biggs late in August criticizing the road and its construction and declaring that it would not be completed, at the present rate, for many months. The Minister replied at an Ottawa meeting and said that the road would be finished before the winter and the permanent surface within three years. A part of the Ottawa press and public, however, continued their criticisms. At Stratford, on Oct. 1st, Mr. Biggs stated that the road from Stratford to Goderich would be taken over as a Government highway. He declared it better to have 100 miles of good driving highway than 10 miles of perfect construction and that the Department was working on that principle. Within three years he hoped that throughout Ontario all the system mapped out as Provincial highways would be completed. Afterwards would come the question of turning it into permanent roads of cement or asphalt. Before the Toronto Board of Trade on Nov. 17 the Minister again outlined his policy and described road building as "not an expenditure but an investment."

At the end of the year the situation involved a total outlay of $22,200,000, of which the Dominion Government contributed $5,800,000, the Province $12,000,000 and the municipalities $4,400,000. The plan provided for the following main highways: Windsor to the Quebec boundary at Coteau, *via* Chatham, London, Brantford, Hamilton, Toronto, Belleville and Kingston with branches from Hamilton to Niagara Falls and from Prescott to Ottawa; Fort Erie, through Simcoe and St. Thomas to Windsor; Toronto to Sarnia, *via* Brampton, Guelph and Stratford; Toronto to Muskoka; Ottawa to Pembroke; Ottawa to Point Fortune, connecting with the road to Montreal; Ottawa to Kingston, *via* Perth and the Rideau Lakes. As Minister of Public Works, Mr. Biggs expended $1,955,951 in the year of Oct. 31, 1920, of which $402,279 was used for maintenance and repair of Government buildings in Toronto and $481,387 for construction of Hospital for Mental Diseases at Whitby; as Minister of Highways his expenditure for Good Roads and Highway improvement was $7,752,269.

Incidents of the year in respect to this Department and Minister included the publicity given to a $100,000 purchase of motor trucks by Hon. F. C. Biggs from L. C. Parkin, a Dundas dealer, without calling for bids from other firms. Criticism, on Jan. 14, evoked this reply from the Premier: "I fully investigated the circumstances, and find them to be as follows: That the type of truck required by the Department is not built as standard equipment in Canada; that the make of truck purchased is well suited to the work required and is regarded by competent engineers as having good value for the price paid as compared with other makes; that the selling price of the truck throughout Ontario is the same regardless of the number of trucks purchased; that under the system of sales for this make of trucks in Ontario the only man through whom they could have been purchased for use in Hamilton was Mr. Parkin in Dundas." On May 17th the Ontario Railway Board approved the distribution of $313,988 costs in widening the Toronto-Hamilton Highway—a distance of some 5 miles and from 18 to 24 feet—amongst City, County and Townships.

Mr. Rollo and Labour Problems of the Year. The Labour Department and the Labour Minister (Hon. W. R. Rollo) were the centre of important matters of policy and legislation during the year. It was a Farmer-Labour Government and, though Mr. Rollo was not the actual leader of his little party of eleven votes, there was no serious difficulty during 1920 between these two elements of a rather difficult situation. There was friction with M. M. MacBride, M.L.A., ex-Mayor of Brantford, who finally left the Independent Labour Party—chiefly, it appeared, because of its association with James Simpson and his Socialist propaganda. At a caucus of the I. L. P. members on Feb. 9, with Messrs. Rollo and Mills of the Government present, and also Sergt.-Major MacNamara who had been elected as a soldier-member, it was decided to press for three points of legislation—amendments to the Workmen's Compensation Act, creation of a Minimum Wage Board and provision of Mothers' Pensions. At Elora on Feb. 19 Mr. Rollo stated that these three measures would be put through at the coming Session.

The co-operation of the Parties was carried out in the Timiskaming Federal by-election where Angus McDonald stood as the U. F. O. and I. L. P. candidate and so described himself in a Manifesto (Mch. 10) addressed to the electors: "I believe that the platforms of the Farmers and Labour men are so similar and their interests so closely allied, that no difficulty should be experienced in satisfactorily representing both groups." Speaking at London on April 4 the Minister of Labour, J. W. Buckley, President of the I. L. P., and James Simpson eulogized co-operation. There were some additions, however. "Sooner or later," said Mr. Buckley, "we (the Labour party) hope to become the dominant power in every country in the world by constitutional methods"; Mr. Simpson endorsed this opinion and declared that in Russia the great natural assets of the nation, and the industries necessary to convert raw materials into finished articles, were in the hands of the class who represented the masses of the people.

At the 3rd annual Convention of the I. L. P. held in Toronto on April 2-3, the Report of the Provincial Executive, signed by Hon. W. R. Rollo and six others reviewed, with enthusiasm, the very considerable successes of the past year and looked forward to still greater ones; a long address followed from Gordon Cascaden of Windsor on the Winnipeg strike from the standpoint of the strikers, and a Resolution of sympathy with the convicted men passed unanimously; another Resolution declared the Party to believe in the gradual elimination of import duties on all necessaries of life and the tools and machinery used in production. Increased Federal gratuities to returned soldiers were approved; the Provincial Government was unanimously endorsed and the closer co-operation of Labour with the U. F. O. urged; a Resolution was passed urging the Government to electrify the T. & N. O. Railway and to generate and distribute Hydro-electric energy to municipalities in order to encourage industrial development; the deepening of the St. Lawrence Waterway was approved and a Resolution passed calling attention of the American Federation of Labour to the United States flag appearing on all documents of the organization coming into Canada; another motion urged an increased indemnity ($3,000) to members of the Legislature—Peter Heenan, M.L.A., stating that his wages were more than that. Other motions were passed and Mr. Buckley was re-elected President.

On May 17 the I. L. P. held a banquet at Toronto in honour of the Labour members of the Legislature with Mr. Buckley in the chair and most of the Provincial Ministers present. In his address Mr. Premier Drury referred to 99 per cent. of the people in Canada as workers and then gave his view of the Farmers in politics: "It is imperative to keep the farmers content, prosperous and inspired." They should be made to feel they were men of high calibre: "The two groups in the House first came together rather afraid of each other. There was a feeling that Labour might assume too radical a turn of mind, and our labour friends were afraid their rural friends might turn out to be too conservative. But, as they grew to know each other better, each became more trustful of the other, realizing that both had similar thoughts, similar aims, founded on like principles. Among these were better homes, better comforts, finer hopes, happier children, happier parents, with all hopes centred upon the children—the great assets of the nation."

In these respects the Cabinet was said to rank high—42 children and 3,000 acres of land represented the assets of the Cabinet members and their wives. He declared himself in sympathy with the aims of the Labour party except one: "I am not fully in agreement with the idea of less hours. I believe in full production. Let us be workers, not drones." Mr. Rollo, Minister of Labour, followed and Mr. Buckley expressed the renewed determination of his party to work for the 8-hour day and to eliminate "the drones and parasites of society." J. J. Morrison wanted practical, not nominal union of Labour and the U. F. O.: "Labour would work for the strike ballot, for the 8-hour day; the U. F. O. could not do this. The greatest problem was that the U. F. O. gave the country goods 100 per cent. pure, while the industries returned the gift with goods 60 per cent. shoddy." James Simpson and J. T. Marks also spoke. At a meeting of the I. L. P. Executive in Toronto on July 18 it was decided to support Mr. Drury in his policy of enquiry into the Hydro-radial matter; at the same time it was stated by Resolution that "the Labour Party is committed to the course of electrical and radial development under a system of public ownership and will stand for and uphold the principle unflinchingly."

This co-operation continued throughout the year, though there were signs of difference within the Labour party itself. One rift in the lute was the passing of M. M. MacBride to the cross benches; on Oct. 23 a joint Conference of the I. L. P. Executive and the Labour members in the Legislature was held and harmonious co-operation discussed between the groups. At a similar meeting on Nov. 20, however, while every desire for continued co-operative action between Labour and the U. F. O. was expressed, the following Resolution was passed: "That in future the Independent Labour Party of Ontario shall emphasize its distinction as a separate political unit in the Legislature and elsewhere throughout the Province and country and that, as a party, we insist upon the right of formulating our own policies and introducing for enactment such legislation as is consistent with the platform upon which we received the votes and confidence of the people in the election of October, 1919, and that we consider at once the advisability of electing a House leader of the party other than a member of the Cabinet." On recommendation from the Executive, a Resolution also was passed, unanimously, which declared that:

> Whereas untold injury has been done to the Labour movement by the appearing of accredited members of the Provincial Executive of the I. L. P. and other officials of the party on extremist platforms, where policies are expounded that are not in accordance with the fundamental principles of British democracy or the platform of the I. L. P.: Therefore, it is the belief of this joint Conference that members who desire to express such opinions in public should, in the best interests of the party, decline nomination to executive positions in the party; or after accepting such positions, refrain from appearing on platforms from which sentiments are voiced that tend to bring the party into disrepute.

On the same day that this was published Mrs. Hector Prenter, Assistant Secretary, had a letter in *The World* denouncing J. T. Marks, Secretary of the I. L. P., as a reactionary for oppossing the "hands off Russia" and self-determination for Ireland doctrines of the section which she represented. In the next issue of the *Industrial Banner* (Dec. 3rd), edited by James Simpson, Mr. Buckley had a letter stating that he presided at the meeting but expressed no opinion on the above Resolution; he would not overturn society by violence but, on the other hand, "our boasted British democratic Government is a history of bloody revolt, of political persecution, of economic servitude." At this time Mr. Simpson—Editor of the "official organ of organized Labour in Ontario"—was addressing a series of meetings at Kincardine, Southampton, Walkerton, Hanover, Chesley, Owen Sound and Meaford.

In the first of these (Kincardine, Oct. 30) he warned the audience that artificial methods were being used to force a temporary depression and that the object was to reduce wages. He said that organized labour would resist reductions in wages because they wanted more than a living wage: "One of the best means of getting the higher wage is to retain the present wage rate through the periods of price reduction." On Dec. 11 a Caucus of the I. L. P. and Labour members elected George Grant Halcrow, M.L.A. for East Hamilton, as the House leader of the Labour group. To the Toronto *Star* of Dec. 13, the Hon. Mr. Rollo outlined coming reforms as including more efficient administration of the Factory Act with more Inspectors and greater care of children or minors; better protection of workers in hazardous trades with licenses in certain cases; amendments to the law to safeguard electrical workers and others under specific conditions. On Dec. 17 the Provincial Government received a Delegation from the Dominion Trades and Labour Council who asked for legislation which included an 8-hour day and the sale of stronger beer.

Meanwhile, practical Labour legislation had been passed at the Session of the Legislature. The first was a series of amendments to the Workmen's Compensation Act. The Board had reported early in the year, for 1919, and showed that while the number of accidents was less than in 1918—44,260 as compared with 47,848—benefits awarded were considerably greater. In 1918 it required $3,883,994 to meet all claims made under the Act while in 1919 the Board paid out $4,192,859; as to payments under the Act it appeared that in 1915 the average weekly wage of injured workmen was $13.27, in 1916 it had increased to $15.63, in 1917 to $19.06, in 1918 to $21.93, while in 1919 it reached $24.80. The average cost of all accidents in which compensation was paid was $135.80 per accident, of which $121.71 was for compensation and $14.09 for medical aid. The average cost of temporary disabilities was $47.21, and of permanent disability accidents $708.87.

The amendments to the Compensation Act included an increase in funeral allowances from $75 to $125 and the monthly payment to widows, who were sole dependents, from $30 to $40 a month; additional monthly allowance for children from $7.50 to $10 per month, with an increase from $10 to $15 per month in the payment to children who were the sole dependents; increased monthly allowances to dependents who were other than widows, husbands or children from $20 to $40 per month; and increased compensation to injured workmen from 55 to 66⅔ per cent. of the wages. On April 27 representatives of the Canadian Manufacturers' Association waited upon the Premier and Minister of Labour and submitted a memorandum which stated that Ontario was the most liberal, in its compensation, of any Province in Canada except Manitoba, and of any State in the United States. While making no direct suggestion that farmers should come under the Act, it was stated that the omission of the farmers was the most striking of all the industries not covered.

There was no protest against increases to widows, but they claimed that the amendments were wrong in principle. There was a danger of increasing the tendency to malingering. They declared this was not, and should not be, an Old Age Pensions Act or an Unemployment Insurance Act. However desirable these features might be, it was submitted that they should be furnished at the expense of the State, in the first instance, and should not lightly be incorporated in a measure of industrial insurance which was for the compensation of workmen injured through accident during their employment. It was declared to be "unsound to fix a scale so high that the highly-paid worker is receiving much more than is required for such maintenance." The Bill passed in due course after some discussion on the 2nd reading (May 12) when Hon. G. S. Henry said that he had information that Benefit Societies had paid out a great deal since the Workmen's Compensation Act had come into force, which he regarded as an indication that there was a tendency to malinger when men could draw 55 per cent. of their wages and benefits, also, from a Society. Mr. Rollo stated that what malignering did exist came chiefly from foreign labourers and that Labour throughout the Province had demanded that the workmen should be paid 100 per cent. compensation, but the Government thought that in providing for 75 per cent. (afterwards reduced to 66⅔) it was doing as much as could be expected this Session.

The Minimum Wage Board, though an innovation in Ontario during 1920, was already established as an institution in Manitoba, British Columbia, Saskatchewan, Alberta and Quebec. At Elora on Feb. 20 Mr. Rollo announced that a Bill would be introduced at the coming Session; the plan which, in part, was afterwards followed appeared in a press interview with Dr. W. A. Riddell, Deputy Minister of Labour, on Feb. 28. A Delegation from the Social Service Council of Ontario waited upon the Premier on Mch. 2nd and presented a Resolution urging the Government to create a permanent Commission with power to fix, and from time to time adjust, the minimum wages and the hours and conditions of labour for women and girls in Ontario. Prof. T. R. Robinson asserted that board and lodging, alone, cost a young woman about $8 a week and, with clothes and other items, her budget might well be placed at $14. As to wages, in one typical women's industry, 64% of the employees got $10 a week or less, and in a better organized industry 26% got $12 or less. In another typical industry over 22 per cent. got $7 a week or less, over 36 per cent. $8 or less, and 64 per cent. $10 or less.

Mr. Drury stated that he was heartily in sympathy with the proposal despite a firmly settled belief that if the Government tried to regulate all things it would get into a morass from which there was no escape: "I do not believe in price-fixing and wage-fixing in general, but I realize that in regard to the minimum wage for women and girls, we are dealing with a human life factor that is altogether aside from the economic factor and altogether separate from it." In this connection Prof. L. A. Wood, PH.D., of the Western University, London, issued a statement which claimed that from 75,000 to 100,000 female workers in the Province would come under this legislation and that the policy was calculated to secure a living wage for all workers, to eliminate the evil of sweating, to raise the standard of living, to improve and protect morals, to promote knowledge as to labour conditions and to stimulate interest in these problems amongst workmen. The Bill was duly introduced and carried by Mr. Rollo, Minister of Labour, through the Legislature, received its 3rd reading on May 27, and came into force on Oct. 1st.

The Act was to be administered by a Board composed of five persons, two of them women, appointed by the Governor-in-Council and known as the Minimum Wage Board. The members were to serve without remuneration, but a *per diem* allowance could be paid to the members on their attendance at the meetings of the Board. It was to possess all powers that could be conferred upon a Commission under the Public Enquiries Act and have authority to conduct such investigations as were deemed necessary, for the purpose of ascertaining conditions prevailing in any class of industry where women and girls were employed. After full enquiry the Board could establish a minimum wage for female employees in any trade in Ontario. If the scale of wages so established was considered inadequate or unfair, the Board could direct a conference between representatives of employers and employees "for the purpose of reaching an agreement and recommending to the Board minimum wages to be payable in that class of employment."

A wage lower than the minimum wage could be established for handicapped, part-time or apprentice employees. Any employer paying a wage of less amount than that fixed by the Board would be guilty of an offence and would incur a penalty not exceeding $500, and not less than $50, for each employee affected. The Act did not apply to farm labourers or domestic servants. The Hon. Mr. Rollo announced the names of the new Board on Nov. 18 as follows: Prof. J. W. MacMillan, D.D., of Victoria College (Chairman), R. A. Stapells, a well-known Toronto manufacturer, Mrs. H. W. Parsons, Secretary of the National Council of Women; H. G. Fester, Secretary of the Hamilton Trades and Labour Council, and Miss Margaret Stevens of the Toronto Garment Workers.

Mothers' Pensions was the third item of Labour legislation during the year. Upon this subject—following the initiative given under Sir William Hearst and now with the active assistance of Mr. Rollo—Dr. W. A. Riddell reported in February at some length and outlined a plan for a three-year development of assistance for dependent mothers at an estimated cost of $895,533. It was the product of close investigation conducted by the Deputy-Minister of Labour and his staff during February of this year with Sessions at Toronto, Hamilton, London and Ottawa at which valuable evidence was given by students of social service, representatives of charitable and philanthropic organizations, officers of public institutions, and those interested in child welfare. Acts providing for pensions or allowances for the mothers of dependent children were in force in Manitoba (1916), Alberta (1919), and Saskatchewan (1917), and were said to have shown good results.

In Ontario the enquiry showed 16,048 widows with children and 31,223 children of widows; under the scheme proposed by Dr. Riddell and accepted by the Government there were, approximately, 7,500 mothers eligible in Ontario with a total of 22,289 children. Pensions would cost $895,000 annually, and $100,000 more would be needed to pay allowances for children up to 16 years of age. Administrative costs would amount to about $25,000. Conditions suggested were that the mother benefiting should be a widow, wife of an inmate of a Provincial hospital for the insane, or the wife of a man who was totally disabled; that the allowance should be available only to families of two or more dependent children under 14 years of age; that the mother must not own property valued at more than $2,000. In the types specified for inclusion there were widowed mothers with young children, wives and children of the totally incapacitated, imprisoned, insane or deserting men, divorced or unmarried mothers with children.

The doubtful cases were the deserted families, divorced and unmarried mothers. Labour leaders were disposed to include the latter classes. As introduced by Mr. Rollo, modified and amended and eventually carried in the Mothers' Allowance Act of Ontario, and coming into force on Oct. 1st, the Act was administered by a Commission of 5 persons, three men and two women, who would be appointed by the Governor-in-Council and serve without salary, excepting that a *per diem* allowance would be provided during regular sessions. The Commission would appoint the necessary officials, arrange for the appointment of local committees, and have the final decision in all matters affecting allowances. The main provisions were as follows:

1. The mother must be a widow, a wife of an inmate of a Provincial Hospital for the Insane, or the wife of a man totally disabled.
2. Allowances were available to families of two or more children; who were to be under 14 years of age and in the immediate care of their mothers.
3. The father must be a British subject and the mother a British subject before marriage and the mother and children must have been actually resident in Canada at the time of the death or total disability of the father, the mother must have been actually resident in Canada three years and in Ontario two years immediately prior to application for an allowance and must continue as a resident of Ontario while in receipt of an allowance.
4. It must be clear that the mother and children were in need of assistance and the amount of the allowance would be determined in each case by the Commission, after receiving the recommendations of the investigator.

Fifty per cent. of the amount involved was to be paid by the municipalities. The Commission was named by Order-in-Council on Aug. 11 as follows: Rev. Peter Bryce (Chairman), Mrs. Adam Shortt, Ottawa; Mrs. William Singer, Toronto, Vice-President of the I. L. P.; Major Thomas J. Murphy, London; and A. J. Reynolds of Hampton, representing the U. F. O.; applications immediately poured in and by October 1,000 pensions were applied for; the Commission proceeded to appoint Local Boards for cities, towns, districts and counties; W. G. Frisby, Toronto, was appointed Secretary and Ottawa was the first Ontario centre with an organized Board out of the 89 which it was thought would be necessary. The amount of the monthly allowance was first set at $35 for a woman with two children under 14 years of age; $40 for a woman with three children under 14, and $55 for a woman with four or more.

To Mr. Rollo as Minister of Health, the Provincial Board of Health, with Dr. J. W. S. McCullough as Chief Officer and Secretary, reported for the calendar year 1919 as to the general health of the Province, the free distribution of biological products, or different kinds of vaccine, the work of the Venereal Diseases Division and that of Child Welfare, the service done by the Public Health Laboratories. Strong recommendation was made as to development of the child welfare work and the need of public health education. In this Report the Provincial Sanitary Engineer dealt with the issue of 256 certificates for work on water-supply, sewers, waterwork extensions, etc., totalling $5,508,698 in value; many supplementary reports were included from Health Laboratories and Boards of Health.

The United Farmers of Ontario and the Drury Government

The relations of the U. F. O. and the Provincial Government during 1920 were both interesting and important. The organization took pride in its political parentage to the Government and the Hon. R. H. Grant, Minister of Education, at Manotick on Sept. 6 stated that he had been one of a small Committee charged by the organization with the task of selecting a leader: "We canvassed the whole field, went carefully over every prospect, and finally picked on Mr. Drury; and, I can assure you we made no mistake." He went on to state that none of the members of the Government, when formed, knew any of their colleagues personally and "the Premier had never spoken to or met a single member of his Cabinet except the Minister of Agriculture."

The initial difficulties were obvious and not less clear, as the year passed on, were the aggressive qualities of J. J. Morrison, as one of the two or three chief leaders of the U. F. O. and the quiet controlling force of Hon. E. C. Drury as Leader of the Government. At the beginning of the year the U. F. O. had over 50,000 members guided by R. W. E. Burnaby as President and J. J. Morrison as Secretary; the Government had 45 members in the Legislature elected, not to follow a particular leader, but to support the principles of the U. F. O. The latter organization helped in the final months of 1919 and the early part of 1920 to obtain seats for, and ensure the election of, all the new Ministers and 12 delegates attended the Canadian Council of Agriculture meeting at Winnipeg, in the first week of January, to organize for Dominion politics and a national party. Mr. Morrison interpreted the Winnipeg Resolutions as a mandate for Provincial autonomy in this coming organization (Toronto *World*, Jan. 9) and his view appeared to be that the opinions of each Provincial organized unit should guide such political groups as might develop in the different Provinces. At this time, also, a Legislative Committee of the U. F. O. was appointed composed of J. G. Whitmore, Woodbridge; George Padgett, Gormley; J. C. Dixon, Moorefield; J. M. McNaughton, Orangeville; Mrs. G. A. Brodie, Newmarket; and Mrs. H. L. Laws, Toronto. Its duties, apparently, were to keep the organization and the members of the Legislature in touch.

The desire of the U. F. O., and, of those in sympathy with its objects, to induce young men and women to stay on the farm was voiced early and often in the year. Prof. C. A. Zavitz of the Ontario Agricultural College, Guelph, had an article in the *Farmers' Sun* of Jan. 7 in which he stated that only 54 per cent. of the O. A. C. graduates returned to the farms; he showed however, that this was a much higher average than that of students taking agricultural courses at American Universities. Mr. Premier Drury, speaking at the College about this time (*Farmers' Sun*, Jan. 24) declared that the brightest and cleverest brains in the cities and at the Universities came from the rural districts and added: "If we are to maintain our standards in our rural communities, and if we are to keep from slipping to a lower scale of intelligence, our college men must go back to the land." At Orangeville on Jan. 22 Mr. Morrison spoke in the same strain and reproached the younger generation for not following the standards of the pioneers who had developed this country from a wilderness and had faced infinite privation in doing so. This desertion of the farms by the younger generation had been one reason for forming the U. F. O.; it proposed to make farming more remunerative by taking down the tariff bars and by co-operative marketing.

R. H. Halbert, M.P., ex-President of the U.F.O., speaking at Lambeth (*Farmers' Sun*, Jan. 24) urged farmers very strongly to organize for their own interests by joining U. F. O. clubs: "Canadian farmers are willing and anxious to pay their full share of the War Debt, but they must be careful that they are not asked to pay the debts of Canadian industries as well. If blood is the price of victory, surely we have paid the price; let us begin now to build for years to come." At St. Catharines on Jan. 27 Mr. Halbert predicted that the tariff would be the issue at the next Dominion elections and said: "We are going to lift our industry from the floor where it has been the door-mat for every politician to wipe his boots on." Mr. Morrison addressed a meeting of the I. L. P. at the Labour Temple, Toronto, on Feb. 1st and said that if existing rural depopulation and unrest were to be set right, the exchange of rural and urban products must be equal: "The rural man gives products 100 per cent. good and in many cases gets in return goods 100 per cent. bad." According to the *Farmers' Sun* he also likened the treatment of the farmer by the "Big interests" to that of the treatment of the Indians by the Hudson's Bay Company: "The Indian remained poor and vanished from the face of the earth; the farmer is doing the same." Government in Ontario, he added, had "never before rested in the hands of the wealth producers but in those of the wealth exploiters."

The County Directors of the U. F. O. met at Toronto on Feb. 2-3 and, according to the *Farmers' Sun* of Feb. 7, held a secret Conference with the U. F. O. members of the Legislature, including the Premier and his Cabinet. Action was taken in regard to the appointment of a Whip, and various other details in respect to the coming opening of the Legislature were dealt with. The Directors urged their views as to various matters upon the U. F. O. members of the House and suggested amongst other things: "A propaganda of education among the manufacturers so that they may become efficient in production and not require that agriculture shall assist them longer by helping to maintain a tariff wall against manufacturers in other countries less favoured in natural resources." Dismissal of unnecessary civil servants was also advocated, as well as a careful supervision of the expenditure of public money and the pursuance of an Educational policy which would check the prevailing tendency toward "professionalism," and give more attention to the rural interests. They opposed the control of Civil Servants by a Commission as likely to develop centralization and corruption and asked for a systematic survey of agricultural production and the profits, or otherwise, of farmers.

Mr. Morrison continued during these months to speak almost weekly in various parts of Ontario with emphatic pronouncements upon U. F. O. doctrine and policy. At Orono, as reported in the *Farmers' Sun* of Mch. 20, he said: "In national affairs we must preach Canada first, last and all the time. There is a good deal of talk about the Empire and British interests. Britain can take care of herself; it is our first duty to take care of our own country." In most of his speeches Mr. Morrison urged the abolition of the existing tariff on imports as the remedy for rural depopulation and other Agrarian difficulties.

The first difference of opinion between the U. F. O. Executive and the Drury Government of Ontario arose early in May, when the Superannuation proposals were announced. These proposals had been assured a large and non-political support from all groups in the Legislature. Mr. Morrison at once sent out a letter (May 5) to all Secretaries of U.F.O. clubs throughout the Province, directing them to call the proposed legislation to the attention of the membership. He declared that it was class legislation and that the Farmers' organization stood for equal rights and no special privileges: "Superannuation and retiring allowances are class privileges, as we all cannot be civil servants. One of a pair of twins may become a civil servant, and when he reaches the age of 65 he will enjoy this pension. The other, an equally good citizen, must all through his life, as a taxpayer, contribute to the Fund for the payment of his brother and other civil servants. We have looked up in the public accounts the number of Ontario civil servants of 65 or thereabouts, together with their present salaries. Out of 62 that we found 35 are getting more than $1,800 a year, and 12 more than $3,000 per year. What farmers enjoying salaries until they are 65 years of age, living as they do, require to be supported by the people?" The U. F. O. officials were urged to use their influence with the members.

Mr. Morrison stated that he was acting under instructions from the Executive and R. W. E. Burnaby, the U.F.O. President, supported him in this action. The *Farmers' Sun* of May 22 also endorsed it: "The principle of pensioning Civil Servants is wrong. It is class legislation and we are distinctly opposed to this no matter whether farmers or factory hands, fishermen or foresters, clerks or civil servants, derive the benefit." Of course this action aroused controversy and opposing parties were quick to see dissension and autocratic action. R. R. Hall (Lib.) drew attention to the matter in the Legislature and described Mr. Morrison as a new Dictator and as interfering with the rights of Parliament; Mr. Morrison in reply described himself as the mouthpiece of his Executive and as simply desiring the Members to keep in touch with and consult the people. In another circular to the officers and members of the U.F.O., the Secretary defined and defended his action as an effort of real democracy: "We follow principles rather than leaders; we believe in the voice of the great common people being heard not only at the polls on election day but incessantly between elections." To this his critics reiterated the claim that he was asserting the right of an outside organization to control the Government and the Legislature, and R. M. Warren, U.F.O. member for North Renfrew published in the press on

May 29 an open letter to Mr. Morrison declaring the circular "entirely unfair and unjust"—presenting arguments against the Bill and none in its favour. There was, he contended, no fair comparison beawten a farmer and a civil servant:

> The Farmer starts out in life as an independent business man, with any amount of room to expand and develop. The Civil Servant becomes an employee giving his thought, time and energy to the Government. Now, does not any employer of labour consider himself more or less morally responsible for the comfort and welfare of a man or woman who has served him and grown old in his service?
>
> Can a just Government afford to be less just to its aged employees than a railway company, a lumber company, or a private employer of labour. What would the public say about a farmer who, after having got years of faithful service from a horse, would turn him out on the roadside to hunt his living?

Mr. Warren feared that the circular and ensuing controversy would hurt the U.F.O. and arouse suspicion amongst those who, previously, had complete confidence in it: "We have all confidence in our Leader and in our Cabinet, and we wonder if it would not be possible for you to trust us to guide our little ship of State?" The Toronto *Globe* (Lib.) backed the Drury Government strongly for "resisting dictation" in this matter and (May 31) criticized Mr. Morrison; the U.F.O. Board of Directors met on June 2nd and gave "unreserved approval" to the action of their Secretary as "thoroughly democratic and in keeping with U.F.O. policy." Another Resolution was passed declaring (1) that the Directors "believe it their duty and insist on their right at all times to act in an advisory capacity to the Government;" (2) that they regarded the U.F.O. Member of Parliament or the Legislature as being responsible to the Executive of his own riding and "if he and his Executive can no longer act in harmony, it is his duty to resign;" (3) that there should be the fullest and freest discussion in the organization of all questions of public policy and that in all such matters the matured judgment of the majority and not the will of any one man, group of men or Government, should control.

A joint banquet on May 17, in Toronto, marked the close relationship of the U.F.O. and Labour parties and here Mr. Drury and Mr. Morrison met on a common platform. The next issue to develop was the Premier's proposal at Orillia (June 15) that the present combination of two parties should evolve into a People's party based upon a broadening out process which would take in all the radical or "progressive" elements of the Province. Mr. Morrison at Hespeler on June 26 deprecated this suggestion and, as *The Globe* had approved of it, he denounced the idea as "a Liberal plan to steal the U.F.O. party" and added: "Does the U.F.O. need broadening out, or is it narrow? We think not. We gave Labour two seats in the Cabinet. To the Grits we conceded a very prominent seat in the Cabinet, that of Attorney-General, and we also gave them further recognition by the selection of Nelson Parliament as Speaker." There was, he declared, nothing to be ashamed of in their name and no reason for a change. The speaker went on to advocate the Recall: "When we elect a man the wisest thing to do is to have him sign his resignation and leave it with the Executive Committee. If he cannot or does not satisfy the Executive they should call a Convention and if 60 per cent. of the Convention demand his resignation he must resign."

At Port Stanley on July 6 Mr. Morrison also spoke in advocacy of the "Recall" and prophesied that in 10 years it would be an established practice in Canada. At many political picnics during the summer he expressed his conviction that machinery which would enable the people to bring about not only by-elections, but general elections, was necessary in the interest of democracy and, at Brighton on July 28, carried his principles to the point of censuring J. W. Curry, M.L.A., for having supported the U.F.O. Government without consulting the constituents who had elected him as a Liberal candidate. Generally speaking, the Farmers' party was at this time much the most active of the three larger political parties of Ontario in placing its views on all questions before the electors; the general method adopted being that of picnics at which leading members of the Drury Administration and of the U.F.O. Executive were the spokesmen with a strong concurrent canvass for increased membership.

R. W. E. Burnaby, as President of the U.F.O. was not so critical of the Government as was Mr. Morrison and devoted himself chiefly to stating the views of the Farmers' party on general questions. At Kingsville on Aug. 18 he announced, as main planks, the prohibition of the manufacture and sale of liquor with an all-round reduction of the Tariff. He also declared that his party believed in the reform of the Senate but that, personally, he favoured "chloroforming it." The question of increased freight rates was argued before the Dominion Railway Board in September, and the Ontario Government decided not to join with the Governments of Manitoba and Saskatchewan in protesting against the proposal. This policy of abstention was publicly criticized by J. J. Morrison and on Sept 14 it was decided that the U.F.O. Executive should be represented before the Board.

The question of election finance was also under discussion in this period, and the methods adopted at the Provincial elections of 1919, in at least one riding, were ventilated at the trial of a petition against the return of T. F. Slack, member-elect for Dufferin, at Orangeville on Sept. 28. Mr. Slack stated that his campaign expenses had been financed by collecting the sum of one dollar from every member of U.F.O. clubs in his riding upon the promise that, if elected, he would return the money. After his election, this money had been returned either to subscribers individually or placed to their credit in the clubs to which they belonged. After hearing the evidence, the election Judges decided that this process was not illegal and refused to unseat Mr. Slack.

Certain clauses in the new Dominion Franchise Act did, however, render subscriptions by private corporations to any party, illegal; and in view of an approaching Federal election in East Elgin, a new method was adopted. The *Ontario Gazette* of Oct. 30 announced the issuance of letters patent to the East Elgin U.F.O. Political Association "for political purposes, alone, to promote by political action the principles of the United Farmers of Ontario, and to elect to Parliament and the Legislature candidates professing the principles of the United Farmers of Ontario." This system of meeting new conditions, created by the Dominion Franchise Act of 1920, had already been tried in the West. Following his Orillia and other references to new Party allignments and the need for broadening out in the ranks of the U.F.O. Mr. Premier Drury, at a banquet in Chatham on Dec 3rd, said:

> The Farmer-Labour Government cannot continue as such in this Province. I don't think the farmers of this country want class legislation or administration, but they do want a fair and honest administration in the interests of all the people of the Province. I am going to say something to-night which I know a lot of farmers in the U.F.O. will not like. The U.F.O. has got to branch out, if it is to remain in politics successfully. If I were asked to name the new party which will ultimately develop, I would call it the People's Progressive Party, and take in everyone. Before long we will have to develop into a real people's party. The farmers will still have representation in the party, and will stand for the ideals they held before they started out to get power; other parties will also have to be represented in that People's Progressive Party, which will eventually take the place of the present United Farmer-Labour Administration.

This statement created wide discussion and, as the annual Convention of the U.F.O. was to be held on Dec. 15-16, two private conferences were held at Toronto on the 13th and 14th; at the latter the Premier was invited to be present and discussion lasted throughout the night; next morning it was announced by President Burnaby that the name of "United Farmers" would not be changed at present. Though Mr. Drury had faced the criticism already mentioned at various Farmers' assemblages during the summer, he was loudly cheered by the 3,000 delegates and visitors when he appeared on the platform at the opening Session of the Convention, and afterwards when he told them that: "The Government is a child of the U.F.O. and the child must learn to walk by itself. But, sometimes the child may need a helping hand from the parent, and that is what we look to you for. We do not wish to, nor would we, if we could, stiffle criticism from our friends." Mr. Burnaby presided and H. W. Wood, President of the United Farmers of

Alberta, with Norman Lambert, Secretary of the Council of Agriculture, were present.

A message from J. J. Morrison was distributed, urging that the members "be not intoxicated with success," and asking them to maintain "the spirit of service." Inspirational speeches were also made by Mr. Wood and President Reynolds of the O.A.C. The main purpose of the Western visitors was that of laying before the Convention the plans of the new Federal organization or National Progressive Party, and which had named its platform the New National Policy. The Convention readily endorsed the selection of Hon. T. A. Crerar as Federal leader, but consideration of the platform developed differences of opinion on the subject of the Tariff and it was finally decided to postpone a declaration on this subject for one year. The correspondent of the *Grain Growers' Guide*, of Winnipeg, official organ of the Canadian Council of Agriculture (Dec. 29) in reporting the general proceedings of the Convention, said:

> To those of us in Ontario they (the tariff proposals) are, perhaps, not so outstanding in their significance as the general work of the Convention, of which this comprised but a small part. There is no doubt of a wide divergence of opinion on tariff matters among those who have found in the Farmers' movement their hope of political redemption in the public affairs of this country; but, diverging as these views obviously are, there is no divergence that may not be overcome by discussion during the coming year.

The *Guide* further explained that the tariff proposals had been withdrawn after reaching the third item of the list, which provided for Reciprocity with the United States on all articles which the United States was willing to agree upon. When it was found that the Platform had not been circulated through the local clubs for consideration, discussion was not prolonged because delegates declined to vote on the question without a mandate from their clubs. Consideration of the tariff proposals was, therefore, withdrawn, on motion of Mr. Morrison, seconded by Mr. Burnaby. The latter, in his speech, vigorously attacked the tariff: "Canada's fiscal policy for the past 42 years, has been one that created a privileged class; the many have been taxed for the benefit of the few. It has bred and fostered combines and trusts. It has put agriculture, Canada's basic industry, in a position where it cannot compete on the labour market with other industries."

Statistics showed that the number of clubs in the U.F.O. had increased in the year from 1,130 to 1,465, the membership from 43,000 to 60,000, the surplus in hand from $15,801 to $23,623, while the Co-operative organization showed an increased turnover from $8,500,000 to $19,500,000. Little was heard at the Convention of the differences between the Drury Administration and the U.F.O. Executive; co-operation appeared to be the result of the private meeting. Resolutions were adopted commending the actions of the Ontario Government on the following matters: The Timber enquiry, the proposed reforestation policies, the Hydro-Radial enquiry and the measure for Mothers' Allowances. A Resolution was adopted condemning increases in Sessional indemnities either in the House of Commons or the Ontario Legislature until, and unless, confirmed by a freshly-elected House in either case.

Another requested that freight and passenger services operating on inland waters be placed under control of the Dominion Railway Board; the Legislature was urged to pass regulations for imposing a surtax on idle lands held for speculation in Northern Ontario. The principle of the Recall was approved in the following Resolution: "Whereas, the electors of the Province have no control over the members elected to the Provincial Legislature, during their term of office, and whereas, such lack of control is a serious menace to the proper administration of the affairs of the Province; therefore, be it resolved that this Convention request the present Government to immediately adopt a measure instituting the right of Recall." Another motion urged that some form of consultation between the elected representative and his constituents should be established with a view to promoting co-operation between them.

It was resolved that Political Associations on the model of that already established in East Elgin should immediately be formed in every Federal riding of Ontario, and provision was made to pay the expenses of speakers and organizers engaged in the creation of new clubs and associations. During the Convention, French-Canadian speakers—Hector Caron from Quebec and J. B. Levert from Northern Ontario—had made fraternal speeches, which resulted in the passage of a Resolution declaring that "the great Farmers' movement transcends the divisions of race and language and purposes to establish good-will among all who live by and love the soil of Canada." Power was granted the U.F.O. Executive to acquire stock in the Farmers' Publishing Company—still in private hands—with a view to eventually gaining control of the *Farmers' Sun*. Resolutions were also passed urging discontinuance of Military training in schools, in favour of a Rural Credit Co-operative Banking scheme and against any further grant to the Navy League of Canada for propaganda purposes. Mr. Burnaby was re-elected President and Mr. Morrison Secretary-Treasurer.

The United Farmers' Co-operative Trading Co., Ltd. This important branch of the Farmers' movement in Ontario showed marked expansion in 1920—an article in the *Farmers' Magazine* for January of that year describing it as a case of "poverty to millions in six years." The growth of total sales from $33,000 in 1914 to $8,500,000 at this time was suggestive; at the close of 1920 the total was $19,500,000. The business of the Company was divided into three main departments: Livestock, Commission and Co-operative Trading. The opening up of the Livestock branch at West Toronto proved a great success and in 8½ months it handled over 3,000 cars of stock which sold for $6,467,-

957 and showed a handsome profit to shippers as well as to the Company. The Commission department handled all lines of goods, bought and sold on a commission basis, such as binder-twine, coal, implements, harness, separators, groceries, and either through branch stores or clubs. Branch stores and warehouses came under this department and at the beginning of 1920 eight had been established—Seaforth, Warren, Fenelon Falls, Cobourg, Kingston, Aultsville and Toronto—with encouraging results.

In the Report for 1920, submitted to the December meeting, Mr. Morrison who had, during the year, succeeded A. A. Powers as Secretary-Treasurer with H. B. Clemes as General Manager, stated that the capital had been increased by easy stages, from $10,000 to $1,000,000, and now a further extension to $1,250,000 was proposed. There were 300 persons employed by the Company, it had 10 departments by this time, and there were 19,000 shareholders; Mr. Morrison explained a Bank overdraft of $400,000 by stating there were goods in transit to cover it. The Live-stock department showed a business for the year of Oct. 30 totalling $1,118,174 in value and made up of 71,900 cattle, 19,400 calves, 85,300 hogs, 71,094 sheep with 5,300 cars required for transport. The Creamery department showed 1,000,000 pounds of business with purchase prices kept at top notch—thus benefiting other shippers as well as their own customers.

At this 7th annual meeting in Toronto, on Dec. 14, there were 600 members present with A. A. Powers, President, in the chair. In addition to the figures given above the President stated that the 4 stores of 1919 had grown to 28 with 4 others in process of establishment; F. S. Fulthorpe stated that the Live-stock department handled nearly 25 per cent. of all cattle entering Toronto stock-yards and that Canadian prices were higher than across the border, during some months past, because of the large amount of stock handled by the Co-operative Company; Mr. Powers stated, later, that the Company would not be able to distribute profits upon purchases, as had been promised last year, owing to the unsatisfactory result from one of the Departments but that a different result was expected in the future; the dividend for the year was 7 per cent. upon the capital, as before, and the reserve carried forward, with that previously in hand, was $71,044 together with $16,315 reserve for depreciation.

Mr. Morrison expressed regret at the loss shown by the Commission department: "I regret that I am unable to furnish you accurate data on this particular matter, but the manner in which the business was conducted in the department reflects anything but business credit upon those who were in charge." Incidentally, S. F. Fulthorpe told how the Live-stock Department had on one occasion held up the Toronto hog market for three days by refusing to sell shipments until a more favourable price was offered by the packers; while J. A. McFeeters, of the Creamery Branch, stated that his department had handled 1,200 shipments of cream without loss and, with 50 more shippers, could have raised the price of cream to the public two cents per quart; as it was it had led the way in prices for cream producers. The officers elected were as follows: President, R. W. E. Burnaby; Vice-President, W. A. Amos; Secretary-Treasurer, J. J. Morrison; Directors—A. A. Powers, Orono; R. W. E. Burnaby, Jefferson; R. J. MacMillan, Seaforth; Col. J. Z. Fraser, Burford; H. V. Hoover, Harold; Elmer Lick, Ontario county and Edward VanAllan, Dundas county; R. A. Ashton, Dundas County and J. B. Levert, Nipissing.

Meantime, the events of the year had been of importance to the Company and to the development shown above. Late in March Mr. Morrison had called a meeting of the Shareholders to enact a new by-law to authorize and direct the Directors to purchase shares up to the value of $100,000 in General Wholesalers, Ltd.; to authorize the Directors to apply for permission to increase the authorized capital of the Co-operative Company to $1,000,000 and to amend letters patent so that the maximum number of shares held by any one person or farmers' organization could be 40 instead of 10. He explained that General Wholesalers, Ltd., was a wholesale company supplying groceries and other commodities to the Company—owned by the United Farmers' Co-operative and under control of its Directors; that the ever-increasing volume of business demanded more capital and that it must be obtained if the Compny were to continue successfully.

The plan adopted at the ensuing meeting on Mch. 30 was that of grouping the U.F.O. clubs of several adjoining Counties into one large campaign district under a senior organizer and for the purpose of an extended stock-selling campaign to be inaugurated in June with objectives fixed according to the estimated resources of the Counties—for instance, $25,000 was the amount for Victoria and Haliburton. A strong educative campaign on the benefits to the farmer of the Co-operative system was carried on through the *Farmers' Sun* and the whole campaign and arrangements were so successful that the result was a considerable over-subscription. To absorb this a further increase of capital to the amount of $250,000 was asked for.

Incidents of the year included the change in July from T. P. Loblaw to H. B. Clemes as General Manager; the acquisition of the Toronto Creamery and organization as a department of the business; the establishment of an Egg and Poultry department with satisfactory returns and the opening of a branch of the Live-stock department in Montreal with a business of $750,000 in the first year; the carrying out of improvements and installation of up-to-date machinery in the Seed Department. In its issue of May 22 the *Farmers' Sun* announced the incorporation of The United Dairymen Co-operative, Ltd., with an authorized capital of $250,000, divided into 10,000 shares of $25 each. The head office was located at Peterborough and the primary object was stated to be the marketing of cheese on the same lines as those adopted by the Quebec Co-operative Agricultural Society of Cheese-makers. It was announced that the cheese would be marketed through an office in Montreal at a low selling cost; Ontario cheese producers were urged to dispose of their product through this agency—of which control by farmers was assured. The officers were as follows: President, R. W. Ireland, Wellington; Vice-President, Hugh Maloney, Marmora; Secretary-Treasurer, H. B. Cowen, Editor of *Farm and Dairy*, Peterborough; J. J. Morrison headed the list of Directors.

On July 8, speaking at Guelph, A. A. Powers, President of the United Farmers' Co-operative Co., made an important statement: "We propose—and our plans are well laid—to enter the business of manufacturing; we shall make for ourselves commodities which are now denied us; we propose to invade the whole Ontario field until we handle everything required by all the farmers in Ontario, and until we can supply the public with anything of an agricultural nature it wants from us." Among local enterprises embarked on during the year was the formation of the Blenheim Co-operative Co., Ltd., with a capital of $25,000 to sell the kitchen garden products of farmers in Essex and Kent Counties on the Detroit market.

The Ontario Legislature in 1920: Politics and Legislation of the Year

With a new Legislature and a new Government, a new policy and new party combinations, Provincial politics in 1920 were necessarily interesting. The Drury Government in the House, with 43 U.F.O. members and 12 Labourites controlled 55 votes, the Liberals had 29 and the Conservatives 25; there was one soldier (MacNamara of Riverdale) who, eventually and usually, voted with Labour; M. M.

MacBride (Labour) went on to the cross benches during the Session and a Liberal member became Speaker. The majority, therefore, was one or two and was found during this Session—in which there was only one party division—to be sufficient.

On Mch. 9 the Legislature was opened with the usual ceremony by the new Lieutenant-Governor, Lionel H. Clarke, in a Speech from the Throne which referred to the League of Nations, the return of the troops, the visit of the Prince of Wales, the opening of the new Parliament Buildings at Ottawa and dealt with new Ontario conditions as follows: "Recent developments point to a departure from the long established rigidity of party lines, and to a greater measure of freedom on the part of the representatives of the people. It is the wish of my Ministers that this House will, both by initiative and free discussion, give full benefit of its wisdom to the shaping of legislation and the framing of public policy." Increased grants to rural schools were promised and provision for publishing text-books without increased cost to the pupils; plans were mentioned for giving greater stimulus to agricultural production in the Province, for improving the quality of live-stock and for bringing the advantages of agricultural education more directly home to the people.

Reference was made to the Soldiers' Aid Commission which in future would devote its labours mainly to the care of the dependents of soldiers and to the Kapuskasing Commission of Enquiry; better provision for reforestation and for protection of forests from fire was promised, together with a new Department of Mines and a reduction of fees for recording mining claims; special Labour legislation was foreshadowed and approval expressed of the unification of the Labour laws of Canada. Upon motion of Mr. Premier Drury, seconded by H. H. Dewart, Liberal leader, Nelson Parliament of Prince Edward County was elected Speaker; the Address was moved by Rev. Edgar Watson (U.F.O.) of North Victoria, and W. A. Crockett (Labour) of South Wentworth. On the 11th H. H. Dewart followed for the Liberal Opposition and Hon. G. Howard Ferguson for the Conservatives; in his speech the former was more intent upon criticizing the late Hearst Administration than the present Government, reviewed past and present Liberal policy and declared the U.F.O.-Labour policy to be taken from the Liberal party; Mr. Ferguson discussed the Liberal attitude toward the Tariff and Hydro affairs, criticized both Mr. Drury and Mr. Dewart for being connected with the Reciprocity campaign of 1911 and commented upon the absence of any mention of Hydro matters in the Speech.

The Prime Minister followed and in reference to Mr. Dewart's policy charge admitted indebtedness to the Liberal party but added: "The trouble has been that in the past these platforms were built to get in on and not to ride on." Referring to Mr. Ferguson's denunciation of Reciprocity with the United States, Mr. Drury evoked some cheers by declaring it a political crime that any man or group of men in this country should stir up international antipathy: "We are and ought to remain in Canada the link between Great Britain and the United States." The Tariff references evoked a declaration on the 17th from Hon. M. W. Doherty that he was not a Free-trader but that he considered the present tariff the most unscientific, most unjust and most iniquitous that any country had ever endured. He believed the salvation of the farmer to lie in the co-operative marketing of farm products and urged an energetic campaign for the bringing in of immigrants. Mr. Doherty added that he had all his life been a Conservative and was proud of it. On Mch. 24 M. M. MacBride (Lab.) declared himself a believer in moderate Protection and Thomas Marshall (Lib.) stated that the platforms of the U.F.O. and of the Liberals were identical except in a few particulars. The Address passed on Mch. 30 without division or amendment.

The legislation of the Session was varied and important. Reference has been made to the Minimum Wage, Workmen's Compensation and Mothers' Pension Acts; out of 259 Bills presented a large number were useful or popular and passed in due course. The Premier, Hon. E. C. Drury, had direct control of a measure providing for the extension of the T. & N. O. Railway north to James Bay when opportunity might permit; another, which met with strong opposition, allowed the exemption of urban improvements from taxation when the municipality voted in favour of such action; the Election Act was an elaborate measure making many changes in the method of conducting elections and providing for a Chief Election Officer to conduct them but with controversial clauses relating to a fixed term of years for the Legislature to sit and a fixed date for holding the Election held over for future consideration; another Act of the Premier's dealt with the Kapuskasing Land Settlement scheme and provided for its winding up.

The Hon. F. C. Biggs had many Bills and amongst them the following: To license passenger and freight-carrying vehicles operating on a fixed schedule or between fixed termini, providing a special number plate, and specifying the tolls to be charged; to provide for a Township Road Overseer, paying 40 per cent of his salary for six years; to set aside $2,000,000 for loans to backward townships for road purposes, without interest, to be repaid in five years; to give grants to Townships for 20 per cent. of the cost of construction and repairing township roads; to provide for the municipalities to pay 20 per cent. instead of 30 per cent. of the cost of Provincial Highways as in the past; to provide for the reforestation of unused highways, and land adjacent to highways.

This Minister's chief measure was that providing a Fund of $3,000,000 for Highway improvement and construction—which has been referred to elsewhere; he also carried Bills to further define the law regarding non-glaring headlights, to restrict the load on a vehicle to one ton without a permit from the Department, and to confine the width of loads to 96 inches—save for tractors which were allowed 110 inches. There were amendments to the Fish and Game laws, also, to provide for an open season for moose, deer, etc., from the 5th to the 20th of November, inclusive; allowing the privilege of killing five partridges in one day and 10 in one season; providing that no muskrat could be shot or speared, and that a trap should not be placed within 5 feet of a muskrat house and that no mink or raccoon should be killed between April 15 and Nov. 1st; providing, also, for a royalty to be paid on skins, ranging from 5 cents in the case of ermine, and 10 cents for a raccoon and $1.00 for red fox up to $10.00 for a black fox; enacting that no deer or moose could be shot in the water and no wild fowl be sold and providing licenses to buy or sell furs, ranging from $1 to $200, according to the class.

The Provincial Secretary, Hon. H. C. Nixon, lumped together a number of municipal bills and amendments in one Act and, amongst many others, were provisions for the erection of Memorials to soldiers to be paid for within 10 years by a municipality without putting the matter to a vote; for providing safety zones on the streets and for maximum charges on weigh scales and to provide that townships bordering on cities with more than 200,000 population could enforce building restrictions, license garages, teamsters, etc., and curtail the smoke nuisance. Mr. Nixon also amended the Housing regulations and Act with a view to leaving operation and control more in municipal hands. The Attorney-General, Hon. W. E. Raney, K.C., had the oversight of all Government Bills in the matter of constitutionality and legality; he had undertaken before the U.F.O. to simplify and codify the laws of the Province and a start was made in Bills dealing with the laws of partnership and the sale of goods.

Amendments were made to the Ontario Temperance Act with a view to making it effective under the new conditions to the same extent as under war-time restrictions; another provided imprisonment for driving a motor car while intoxicated—ranging from 7 to 30 days for the first offence, up to 3 and 12 months for a third offence; the Children's Protection Act provided for county homes for neglected children, and that children could only be placed in foster homes in the County where they resided; another enacted that under the discretion of the Attorney-General police magistrates could conduct inquests and a public trustee was provided to administer the estates of missing persons. Under guidance of Hon. D. Carmichael amendments dealing with Hydro-Electric affairs were carried. One still further curtailed the Companies in any possible use of water powers beyond the strict limit of the law; another provided for the establishment of steam auxiliary plants to help the Commission meet the power shortage which occurred when ice gathered in the Niagara River; provision also was made for a possible extension of the Hydro radial system by amendments to the Hydro Radials Act. Col. Carmichael also fathered legislation for the Soldiers' Aid Commission with better provision for the children of soldiers, as well as a bill providing for an Athletic Commission to control amateur sports of all sorts, and also professional boxing bouts.

The Hon. H. Mills introduced an elaborate Natural Gas Act but withdrew it because of opposition to a clause which would enable the Minister to fix the price at which natural gas might be sold, regardless of any franchise or agreement. In his Mining Act Mr. Mills provided for two free assays from each mining claim, for the more common minerals, or one for tin or tungsten. Recording fees were also placed at $5 for the license, or $15 when the recording was being done for another licensee. Under Mr. Doherty's charge were seven Bills dealing with Agricultural matters but none of them especially new or important excepting the Act which provided for loans up to $3,000, and covering half the cost, of Co-operative warehouses for clearing, storing and marketing seed. This Mr. Dewart vigorously opposed as a sort of gift to the U.F.O. Co-operative Society, but there was little other criticism; there were amendments to the Sheep and Dog Tax Act and some were withdrawn; more generous and workable provisions were made in connection with the Community Halls and athletic fields inaugurated by the late Government and regulations covering the purchase of milk and cream were passed, with a view to protecting the producer from unscrupulous buyers.

In Educational matters the Hon. R. H. Grant provided for scholarships totalling $6,000 for special studies in France and for Provincial technical schools—under which category was specifically placed the Ontario College of Art. Statutes were enacted covering continuation schools, teachers' superannuation and consolidated schools while the Public Schools and Public Library Acts were amended. The Hon. Peter Smith, as Provincial Treasurer, imposed an Amusement Tax on hotels giving dances with their dinners, etc., increased the taxes upon Insurance Companies and Race meets, abolished the six per cent. rate of interest on Provincial Loans and provided a bounty of $20 on wolves and $40 on grey timber wolves. H. P. Hill of West Ottawa (Cons.) introduced a Proportional Representation Bill which was discussed at length, approved by the Premier and accepted; finally it was withdrawn on promise of a Committee and re-introduction at the next Session. A. M.

Rankin introduced measures facilitating the cultivation of vacant land in cities and towns, and providing that the County Road superintendents should be civil engineers or Ontario land surveyors.

R. N. McArthur carried a Bill for incorporating Co-operative companies; J. W. Widdifield's proposal that town and village councils should be paid at a rate up to $5 a day was rejected; J. G. Lethbridge succeeded better with his Bill to regulate Veterinary colleges and schools, to require the registration of veterinarians, and that before receiving a license they should prove training in a well-equipped school, with academic standing equal to that of the Agricultural College at Guelph. The Hon. W. R. Rollo introduced a number of Bills—the three most important have been dealt with in a preceding Section. His Bill abolishing the property qualification for candidates in Municipal elections was criticized considerably and vigorously opposed by the Conservatives who took the only party division of the Session upon it and were beaten by 71 to 22—the minority including 17 Conservatives, 4 Liberals and 1 U.F.O., while the majority had 1 Conservative, 17 Liberals and 53 U.F.O. and Labourites.

Mr. Rollo also amended the Stationary Engineers' Act by providing for an expert Board of Examiners to pass upon qualifications of engineers and approve certificates; measures for bettering Provincial Health conditions were also passed. Two measures introduced by the Hon. Beniah Bowman revised the law relating to the survey of land, and provided for the export of pulp-wood under the option of the Minister without the "manufacturing condition," which had retarded development in some cases. Thomas Magladery's Bill providing that returned soldiers, who had done 30 days' assessment work, should receive their patents without further formalities was not accepted but another Bill to open up land held for speculation under patents issued to veterans of previous wars, and which were not under cultivation, was passed.

R. L. Brackin of West Kent presented a number of bills and amongst those which passed were the following: To amend the Ontario Railway Act, allowing 7 per cent., instead of 5 per cent. interest to be paid for bonds of railway companies; to allow the sale of land by religious institutions without auction, on due notice being given from the pulpit of such intention; to set a new scale of exemption under mechanics liens in the Wages Act; to amend the assessment of distillers and brewers and to extend the amount which could be borrowed by farmers for drainage purposes. Legislation as to marriage licenses was suggested by Dr. H. A. Stevenson but not passed and so with Sergt.-Major MacNamara's bill protecting parents from desertion by their offspring and his proposal to impose a duty on transfers in land, according to the increase in the value of the land, so as to reap for the State some of the benefits from increases in value.

J. W. Curry, K.C., (Lib.), made various suggestions and proposals but his Bills were either dropped or rejected by the Government. F. G. Sandy carried his important Bill designed to stop the short-circuiting, or carrying of liquor from place to place, throughout the Province. The McCreary Bill asked the Dominion to take a plebiscite in the Province upon the question of Liquor importation. Hon. W. E. Raney's Bill proposing to abolish Ontario appeals to the Imperial Privy Council was strongly opposed and withdrawn until the next Session. Thomas Toombs (Labour) carried amendments to the Factory Act forbidding the use of hoist belts unless safe-guarded by a brake and other devices for instant stoppage; he also provided one day's rest in seven for Ontario fire-fighters and amended the Ontario Railway Act so as to allow cities of over 15,000 to run street cars on Sunday. W. A. Crockett had amendments to the Vacant Land Cultivation Act granting permits to enter upon, hold and use such lands for purposes of cultivation and raising of such crops as might be prescribed under By-law of the municipality concerned and for a period of one year.

Peter Heenan (Lab.) had a measure amending the Railway Employees' Voting Act and the Hon. H. C. Nixon, by new legislation, terminated the Housing schemes of the late Government and substituted a Municipal Housing plan under which a city or town was given power to borrow such money as was required to carry out construction operations under charge of local Commissioners—the cost of a house not to exceed $3,500 and of the land $4,100. The Commissioner's power as to Loans was subject to a Director appointed by the Government which also guaranteed the Municipalities. A Bill presented by Mr. Premier Drury allowed municipal councils to exempt from taxation for all purposes improvements, income and business—with consent of the qualified ratepayers—not less than 10 per cent, and not more than 25 per cent. of assessed values for the first year and thereafter a further additional reduction of such assessment value of not less than 10 per cent. and not more than 25 per cent. until the whole of the exemption fixed by By-law was operative.

A Government measure which excited special interest in view of the position of the Liberal and Conservative leaders in the House was a Legislative Act amendment which provided that for a single recognized Leader of the Opposition the salary would be $5,000 per annum over the Sessional indemnity; when there were two recognized as such by the Speaker the amount was to be equally divided or according to mutual agreement; if there was a group of 15 members, or more, not recognized as the official Opposition, the Leader was to receive $1,500 over his Sessional indemnity. An almost unobserved Bill was that which offered a bonus of $25,000 for proof of the existence of Radium ores in commercial quantities in the Province and stipulated that the exploitation should be carried out along lines of public utility and service. The Public Library Act amendments of the Minister of Education provided that the Public Library of a community should be supported with a tax rate of not more than 50 cents per head of population. In other words in a city of 100,000 people, the City Council could under approved by-law levy $50,000 to support this institution.

Several important Resolutions were passed during the Session. One declared, on motion of Malcolm Lang and Thomas Magladery that "this House is convinced that a great impetus would be given to the development of New Ontario by the extension of the T. & N.O. Railway from the town of Cochrane to Moose Factory. The large undeveloped resources which would be made available for the benefit of the Province by such an extension of said railroad would include valuable fisheries, and other sea products of the Hudson and James Bays; extensive tracts of merchantable pulp-wood and timber and deposits of iron ore on the Belcher Islands; deposits of fuel, including lignite coal and peat with deposits of ore and minerals, including gold, silver and lead; large areas of arable land well fitted for settlement and extensive available water power." Another appointed a Committee to draft an expression of the Legislature's "great appreciation of the high services rendered to this Province" by the late Hon. A. G. MacKay of the Alberta Government. On motion of the Premier and Hon. Mr. Raney a Committee was appointed to report to the House regarding a monument to, and permanent record of, all members of His Majesty's Forces from the Province of Ontario, who served in the late War, with Lieut.-Col. D. Carmichael, Brig.-Gen. A. E. Ross, R. C. Cooper, W. H. Fenton, K. S. Stover, and Joseph MacNamara as members; Hon. W. R. Rollo and H. A. Stevenson carried a Resolution asking the Provincial Government to take such steps as were within its power to prevent any further increase in the price of sugar.

Messrs. Drury and Raney moved (May 28) that there should be a thorough enquiry into the operation of The Ontario Temperance Act with a view to ascertaining what if any, improvements should be made in the provisions of the Act or in its administration, and a Special Committee was accordingly appointed composed of 24 members. Joseph MacNamara and R. C. Cooper moved on the same day, and carried unanimously, a Resolution expressing great satisfaction at the recovery of the nations from war strain and the restoration to the Motherland of her " high supremacy" in the processes of industry and commerce; appreciation of the patriotism and sacrifice displayed by the British people in the War and the imperishable glory won by their armies; "recognition of the great part so unselfishly borne by the Motherland" and "intense satisfaction" at the reception of H. R. H. the Prince of Wales in Australia. On motion of R. C. Cooper and J. G. Ramsden it was resolved that the Toronto and Hamilton Highway Commission should be temporarily replaced by another with a view to the incorporation of the Highway in the system of Provincial roads.

Sergt.-Major MacNamara and Karl Homuth wanted an Industrial Rehabilitation Board to investigate and establish, in accordance with the conditions in Ontario, a system of standard vocational training for the male and female employees in any industry or profession who had been disabled from following their ordinary occupation; Mr. Drury moved and carried an amendment referring this matter to a Special Committee composed of J. MacNamara, Hon. W. R. Rollo, J. B. Johnston, R. M. Warren, W. H. Casselman, Lieut.-Col. W. H. Price, T. Magladery, J. C. Tolmie and R. C. Cooper. H. H. Dewart, the Liberal leader, moved (April 15) a Resolution declaring disapproval of agreements entered into by the late Government as to the Pic River and Black Sturgeon River Timber limits and urging cancellation of the Agreements subject to repayment of any sums received by the Government; a Government amendment referring the matter to the Government and the Hydro-Electric Commission was carried on division. A local Act relating to the City of London (H. A. Stevenson) was defeated on May 20 after prolonged discussion and by 48 to 44; the other divisions of the Sessions were (1) on the Municipal qualification vote Bill which carried by 71 to 22 (April 14), and (2) on the Bill relating to importation of Liquor, which passed by 85 to 12.

Taken as a whole, the Session had reflected credit upon all parties. They had divided and discussed and voted upon many questions in a non-partisan way; issues, when taken by the Liberal or Conservative leaders, were clear-cut and sometimes their objections prevailed; the Government held its own as the dominant force in the House despite lack of all legislative or executive experience amongst the Ministers. The new Speaker made an excellent impression and held the House well in hand. Incidents of the Session included Mr. Premier Drury's statement on Mch. 29 that the *Farmers' Sun*, which bore a heading of "The official organ of the United Farmers of Ontario," was not to be regarded in any way as a Government organ: "We have nothing to do with it, either by direction or approval, but the relation is one of the most friendly nature and we value its assistance, support and co-operation very highly." There was the statement of Hon. Mr. Nixon (April 7) in respect to Housing matters, that the amount already appropriated was between $7,000,000 and $8,000,000 from the Federal Government and $2,000,000 from the Provincial; the declaration by the Premier on April 7 that financial conditions made it impossible to extend the T. & N. O. Railway from North Bay to Parry Sound; the strong effort made in the House to obtain an increased indemnity for members—from $1,400 to $2,500—the round-robin sent to the Premier early in May and Mr. Drury's refusal to consider it on the ground of adding $66,000 to expenses at a time when the need for economy was clear and imperative.

An important event of the Session was the difference between the Drury Government and the Secretary of the U. F. O. over the measure for superannuation of civil servants. It was introduced by Mr. Drury on April 26 as an Act respecting Superannuation and Retiring Allowances of Civil Servants. It provided that the President of the Executive Council, the Civil Service Commissioner, an appointee of the civil servants and one representative appointed by each of the recognized political groups in the Legislature, should act on the Superannuation Fund Board; it was to be on a co-operative basis, with the civil servants and the Government contributing equally to the cost of the project. Male civil servants would have to ensure their lives for $5,000 and pay from 2½ to 5 per cent. of their salaries into the Superannuation Fund, according to their age on beginning payments. They would retire on reaching 70 years of age or could be superannuated at 65 years after 30 years of service.

Their allowance during the remainder of their lifetime would be up to one-fiftieth of their salary multiplied by the number of years of service. If a man died in the Service after more than ten years' employment his family would receive one year's salary in a lump sum. If he left a widow or infant child, the equivalent of one-half of the retiring allowance to which he would have been entitled at the time of his death would be paid until the widow died or re-married or the child reached the age of 18. Civil Servants dropping out of the Government's employ after less than 10 years of service would receive back all they paid into the Fund, with interest and a similar refund would be made to the estate of any civil servant dying before he had served ten years.

In speaking to the Resolutions establishing the Public Service Superannuation Fund, the Premier on May 19 pointed out that the principle had been recognized by all Governments in Ontario, that there had been tentative efforts at carrying out a policy along this line, that prior to 1898 all employees in the Service were entitled by law to a retiring allowance equal to one month's salary for each year of service, and that since 1898 this retiring allowance had been no longer a matter of right but had been paid as a matter of grace: "In the early days of the Whitney Administration this gratuity was limited to the equivalent of one year's salary. Under this system there was paid out in the last ten years of the Liberal *regime* $140,000 in gratuities, or about $14,000 a year. During the ten years of the Whitney *regime* the Province paid $190,000 in gratuities or about $19,000 a year. Altogether, therefore, in those 20 years, our expenditure on this account was $330,000."

For the present year and to meet the obligations of its predecessors, the Government would place in the Estimates an appropriation of $36,500: "Besides paying these sums annually, mainly to dependents of deceased employees, we have been forced to carry on the pay-roll numbers of persons who were incapacitated by age or infirmity, but for whose retirement no adequate provision existed. Obviously this has been a detriment to the public service, since it has left, often in the most responsible positions, those who were the least capable of filling them properly." As to the working out of this scheme financially Mr. Drury was explicit:

> There are approximately 110 men who are likely to be superannuated under the operation of this Bill during the first year and their salaries aggregate $170,000. The cost of paying them for the first year will be $94,151, and after that about $80,000. It is estimated that 40 per cent. of the offices will not require to be filled and thus a saving of $68,000 a year will be effected. The balance, which amounts to $12,000, will be the net cost of carrying the superannuation of these men during subsequent years until the liability is finally wiped out.
>
> The salaries now paid to the permanent and temporary staffs aggregate $1,100,000. An average assessment of 3½ per cent. will yield $38,500 per annum, and a contribution by the Government of a like amount will yield altogether $77,000 per annum to the Fund. Under the Bill $2,000 is the maximum any employee can draw, and the payment of that sum spread over the life expectancy of any person 70 years of age represents an investment of $12,926. We required married employees in first 10 years service to carry $5,000 insurance.

J. J. Morrison and the Executive of the U. F. O. strongly opposed the measure, as did the *Farmers' Sun*, but on May 27 a division took place in the House on the 3rd reading and resulted in a complete Government victory over the dissidents. Joseph Cridland, U. F. O. member, moved the six months' hoist for the Bill; the discussion was brief and 6 U. F. O. supporters with three Liberal farmers voted for the motion and 54 against it. The Bill then passed with H. H. Dewart, Liberal leader, and Hon. G. S. Henry, acting Conservative leader, voting with the Premier. Another incident of the Session was a statement made by Andrew Hicks, U. F. O. Whip, at a London meeting on June 9, as reported in the *Farmers' Sun* of the 12th: "The Big Interests came into the lobbies of the Legislature offering appalling amounts of money to sidetrack certain legislation, but I defy anyone to point to one measure enacted that was not designed to work out for the welfare of the people as a whole." In varying forms this appeared in different papers and while Mr. Hicks denied the phraseology, he did not deny a reference to money in this connection; *The Globe* of the 14th declared that he should substantiate the charges or resign his seat; he himself told *The Star* of the 17th that "the information was given to me by one of our U. F. O. members who asked me, as Whip of the Party, to line up our members to support a certain piece of legislation that was being strenuously opposed." Hon. Peter Smith, who was present at the meeting, stated on June 16, that the reports were quite correct.

Later, Mr. Hicks told the Press—*Mail and Empire* despatch of June 23—that: "It is my honest conviction that I did not make the bribery charges which were credited me by certain newspapers. I had no intention of making any such charge." On the above date R. W. E. Burnaby stated that he knew nothing about the specific charges but that he did know that this kind of thing had been going on for years. On the 24th there was published in the press a letter from M. C. Fox, the member whom Mr. Hicks stated had given him information in the matter, that no one had ever approached him in such a connection nor did he know of anything of the kind having happened. Mr. Hicks at the same time wrote that, apart from the statement which he thought Mr. Fox had made: "I have no information whatever as to any approaches having been made to any member of the Legislature to corruptly influence his action in respect to any legislation before the House." This ended the matter though some of the papers still called for an investigation.

The Legislature was prorogued by His Honour L. H. Clarke on June 4, with a Speech from the Throne which reviewed at length the work of the Session; stated that "the people will observe with approval the spirit of conciliation displayed by the House in the preparation of public measures and the general desire that the best counsel shall prevail"; added that financial provision had been made for carrying on to completion the various developments undertaken by the Hydro-Electric Power Commission with the Power Commission Act amended to enable better arrangements to be made for the distribution of power in rural districts. The Proportional Representation Committee of the House reported in November that it had been impressed with the arguments in favour of the policy and of the fact that "its adoption is a plank in the platform of three of the political parties and of the expression of approval on the part of the G. W. V. A. and other bodies"; that on account, however, of the difficulties of securing experienced administrative officers and the public's lack of familiarity with the workings of the new system, "it would be unwise to adopt it immediately for the whole Province of Ontario"; that at this juncture grouping in urban and rural sections would be necessary and this did not seem desirable.

Experiments at the next general election were recommended with Hamilton and Ottawa as the most adaptable urban centres and for this purpose it was said that the membership of the House should be increased from 111 to 113—Hamilton and Ottawa each to receive an additional member with two rural groups of constituencies also to be tried out. It was recommended that municipalities be given the right to use this system. A minority Report signed by Lieut.-Col. W. H. Price (Cons.) and D. Racine (Lib.) objected to the system as not in harmony with British institutions and as establishing group government in actual and permanent form.

At Orono on June 15 and Orillia on the 16th, Mr. Premier Drury reviewed the work of the Legislature. On the former occasion he said: "When I assumed office I made up my mind to endeavour to infuse a new spirit into legislation—a non-partisan spirit. It was said we could not do it. We have done it. Members have expressed their real views on each question as it came up, and instead of the brains of ten men being used in framing legislation we have utilized the brain power of the whole House. We have had three divisions, and the only body that voted as a unit was the Government. Still, in those divisions, although the U. F. O.-Labour combination has a majority of only one in the House, our Government was supported by larger majorities than were obtained by any old party Government in the past. A new spirit has been introduced in legislation." In Orillia he referred to the co-operation of the Labour and Farmer elements in a group, but did not believe such a party would be permanent. He thought it would develop into a People's party, composed of all who were interested in earning what they got, and getting what they earned. The opposition to such a party would probably be what might be termed the big interests. The comment of the *Farmers' Sun* (June 5) was that Mr. Drury's courage in opposing the increase of indemnity had added to his *prestige*; that the Government and party had, "upon the whole, done fairly well;" that the Premier's carrying of the Superannuation Bill "to a very considerable extent weakened his *prestige* with his own people."

There were several By-elections during the year. The Premier, who had not been a candidate in the Elections, ran in Halton upon the retirement of J. F. Ford, U. F. O. member. Speaking at Milton on Jan. 8 Mr. Drury stated that their first action had been to abolish patronage and that out of 16 recent appointments by the Attorney-General to Crown Attorneyships, etc., eight of those appointed were Conservatives, 7 Liberals and one U. F. O. In East Kent J. B. Clark, U. F. O. member, retired in favour of Hon. Manning Doherty, Minister of Agriculture, who had been defeated in the Elections; in East Wellington Albert Hellyer resigned to give Hon. W. E. Raney, Attorney-General, a seat. E. J. Stephenson, a returned soldier of Toronto, ran against Mr. Drury in Halton as an Independent and a sort of Soldier-Labour candidate; at Georgetown on Feb. 12 he declared that his candidature was a protest against the ascendency of James Simpson in the Labour party; his chief sponsor was Joseph Reid of Toronto, who stated at Milton (Feb. 14) that Mr. Drury had opposed Conscription. Mr. Drury was elected on Feb. 16 by a vote of 4,419 to 2,111 and Mr. Doherty was elected by acclammation.

Mr. Raney's campaign was somewhat sensational as he made some preliminary speeches of a character calculated to stir up both friends and opponents. At Fergus on Feb. 10 he came out strongly upon Prohibition and anti-Liberty League and race-track lines; read a circular letter written by T. L. Carruthers, General Secretary of the Liberty League, which denounced his stand in these matters and stated that to oppose him would entail an expenditure of about $20,000—"and we are asking our friends to help us financially"; proceeded vigorously to denounce gambling and betting in connection with race-tracks, and declared gambling in a silk hat over races to be as bad as a Chinaman betting on fan-tan; described the inexperience of the Government as an advantage because, being new to the situation, it was free from the traditions which bound the old parties —"traditions being another word for entrenched privilege"; expressed pleasure at the act of Parliament in protesting against titles and social distinctions and, at great length, criticized the expense of maintaining a Government House—which was put at $100,000 a year including interest. Mr. Drury also spoke and made a strong appeal for his colleague.

At Mount Forest on Feb. 13 Mr. Raney declared that high Succession duties were necessary and that money must be found for the University of Toronto and the Good Roads policy; he again denounced race-track betting and stated that the total dividends paid by the Ontario Jockey Club for 1915-17 were $500,000, while the Windsor Club paid during the same period as dividends, $640,000; for the half-season of 1917 the report of the Government auditors had showed that on the 7 principal tracks of Ontario the sum of $12,557,351 passed through the betting machines. The Premier also spoke. Mr. Raney was at Belwood on Feb. 19 and here the Rev. W. E. James (Methodist) stated that he would speak for the Attorney-General in his pulpit on the following Sunday. The result of this campaign was that the candidate went in by acclamation on the 23rd. On July 19 Hon. Henry Mills, Minister of Mines, was elected by acclamation in Fort William and on Nov. 8 a by-election took place in Toronto (North-East) to replace the Hon. H. J. Cody (Cons.) who had resigned.

In this latter contest much public interest was felt. Major Alex. C. Lewis was the Conservative candidate and won the nomination over A. Kelly Evans and Dr. G .G. Nasmith, C.M.G.; he described his position on Oct. 7 as a straight Conservative Hydro supporter, as one who believed in the Hydro policy and in the Hydro Radial movement without reservations of any kind. The Liberals nominated Major W. H. Kippen, D.S.O., M.C. and Bar, who stated (Oct. 27) that: "I feel I am just as straight a Hydro supporter as Major Lewis and just as capable to represent the people in Hydro matters as he is." John Galbraith stood as an Independent Conservative and James Higgins as a Soldier-Labour candidate. The issue of the campaign was Hydro-electric radials. All the candidates expressed themselves as favourable to these projects but Major Lewis, was, perhaps, the most out and out, clear-cut supporter of the policy—declaring on Oct. 29 that he hoped, at the coming Convention, to see Sir Adam Beck the leader of the Conservative party. Increased pensions and military allowances in varied forms were urged by all the soldier candidates and *The Globe* made a vigorous fight for Major Kippen as a specially gallant soldier with a personality marked by ability and administrative skill. On Nov. 4 Mr. Lewis issued and signed on the letter-paper of the Canadian Deep Waterways and Power Association—of which he was Secretary and Treasurer—a statement that: "There is a Hydro crisis and the great work done by Sir James Whitney and Sir Adam Beck is threatened with destruction by the different influences behind the Farmers' Government in Queen's Park." On Nov. 8 Major Lewis won by 3,684 majority—with 8,035 votes for himself, 4,351 for Major Kippen, 1,882 for Mr. Higgins and 92 for Mr. Galbraith.

The Hydro-Electric Commission in 1920: Sir Adam Beck's Policy and the Radial Problem

The great plans and operations of Sir Adam Beck received a check during this year; the influences opposed to him were aided by the financial stringency and the obvious need for economy, by the existence of a new Government at Toronto which had other policies and plans to think of, by the fact of national Railway ownership developments which feared new forms of Radial competition in the days of deficit and difficulty. The immense projects in hand at the beginning of the year involved a Provincial Hydro-Electric power investment of $100,000,000 which it was thought might be double that amount in five years*; on the other hand 240 municipalities had already received back and placed in reserve 25 per cent. of their original investment. Of Ontario's 5,000,000 horse-power resources Sir Adam's objective at this time was the utilization of 2,500,000 h.-p. with an estimated saving of 100,000,000 tons of coal per annum, while his Commission actually operated 10 Systems throughout the Province, supplied over 200 municipalities and many great industries and was transmitting electric energy over a distance of two or three thousand miles. In November, 1918, about 80,000 h.-p. had been supplied to 360 plants working on munitions, alone; in 1920 the Queenston-Chippawa development plant with an ultimate capacity of 450,000 h.-p. was nearing completion.

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*Note—Speech by Sir Adam Beck, Windsor, Nov. 19, 1919

This was vital work and the Power Commission which managed and operated the Provincial system—made up of the Niagara, Severn, Eugenia, Wasdell's, Muskoka, St. Lawrence, Thunder Bay, Rideau, Central Ontario and Nipissing branch systems—was composed of Sir Adam Beck, Chairman, Hon. I. B. Lucas, K.C., and Lieut.-Col. the Hon. D. Carmichael, D.S.O., M.C., M.L.A. The Chairman, in his annual Report for the year of Oct. 31, 1919, stated that at the beginning of the year the Commission had fixed a schedule of rates covering the estimated cost of service to all municipalities which brought in a total revenue of $3,729,705.75, while the actual cost of service was $3,860,700.79. After meeting all operating expenses and setting aside the reserves as set out in the Power Commission Act the expenditures exceeded the revenue by $130,995; as the cost of service to all municipalities thus exceeded the estimates by only 3·5 per cent. in a period marked by phenomenal increases in the cost of labour and material, Sir Adam thought the record a remarkable one. At this time the net indebtedness of the Commission to the Province was $25,517,816.

The powers originally conferred on the Commission had been extended and modified from time to time and now included power to purchase or otherwise acquire, if necessary by expropriation, land, waters, water privileges, water-powers and machinery and plant for the purpose of using or developing them in the generation of electric energy. It could issue bonds, debentures or other securities to cover the cost of the work and make contracts to secure a supply of electricity or to supply municipalities and individuals with power; it could make rules and regulations with respect to the equipment to be used in electrical installations and the manner in which such work could be carried out, as well as in connection with overhead and underground work on streets, roads, etc; it could purchase electrical and other materials and appliances in bulk for its own use and for the use of the municipalities; it could supply engineering advice and assistance to any municipalities making a request for them and not in electrical matters alone but, also, as to waterworks, gas works, etc.; it could investigate and report upon the cost of constructing and operating Electric railways and enter into agreements with municipalities for the construction, equipment and operation of such railways.

The relation of the Commission to the municipalities was vital to the projects involved. Any municipality in the Province was at liberty to apply to the Commission for a supply of power, and this having been done, the Commission's engineers investigated local conditions and reported to the Commission, which then authorized the engineers to prepare plans and estimates covering the necessary equipment and work required to furnish a supply of power; these were submitted to the Commission for approval and, in due course, forwarded to the municipality. If the municipality approved two By-laws had to be carried at the polls—one to authorize the Council to enter into a contract for supply of the power required and the other to authorize the selling of bonds to cover the expenditure required within the limits of the municipality. These preliminaries being over a contract for the supply of power was drawn up and executed and, in the meantime, tenders called for the supply of the necessary equipment; after this, actual work was commenced and a supply of power furnished as soon as possible.

The fundamental principle of the Commission, of all Sir Adam Beck's advocacy, and of the policy presented to the people was cheapness of rates. No department of the Commission or of the local municipal Hydro-Electric departments was allowed to make any profit. Any surpluses realized were made use of to provide extension or went back to the people in the form of reduced rates for electricity. Besides the 10 Systems already mentioned, the Commission owned the Essex System, which purchased power from the Niagara System and disposed of it in seven municipalities of Essex County; the Thorold System, which served certain customers in the vicinity of the town of Thorold; the Monteith Development Co., established for use by the Province in purposes of soldiers' re-establishment and other settlement efforts; the Ontario Power Company and its subsidiary, the Ontario Transmission Co., Ltd., operated as a separate entity, which supplied to the Commission a large proportion of the power distributed by the Niagara system; the Bonnechere River Storage System, Renfrew.

The Commission was appointed by the Government, one of its members had to be a Provincial Minister of the Crown, in financial operation its policy was controlled by the Government. Its Assets on Jan. 1st, 1920 included the value of various plants and systems to a total of $81,255,988, other buildings and development works, $14,993,502 with current Assets of $9,263,282 of which $1,039,163 was cash in Banks. The total was $106,536,939 and against these were Liabilities of $103,690,142 including $48,236,001 of Cash advances by the Provincial Treasurer and $1,200,000 by Banks; there were, also, Bonds and debentures outstanding of $40,522,663, current liabilities of $1,910,531 and Reserves of $11,820,945. The surplus was $2,846,797. For the Niagara System alone, at the same date, the total Assets were $40,693,070, the accumulated reserves $7,654,370, the liability to the Province $14,008,318, the surplus $2,177,934. The Report stated that in 10 years the number of municipalities on the Niagara system taking power had increased from 12 to 115, and the amount of power distributed from 25,000 to 225,000 horsepower; 26 municipalities operating for an average period of three and one-half years reported a total operating shortage of $39,078.

No tax levy had been necessary to carry any Hydro enterprise in any municipality, although the rates fixed by the Commission in a number of municipalities had been slightly under the cost of power. In 57 municipalities, served by private companies before joining the Hydro group, consumers were paying an average per kilowat hour of 9·8 cents, and in 37 of these there was an average additional charge of 21·2 cents per month for meter rental. In this period under review these districts would have paid, at the rates mentioned, $35,758,972 for electrical energy. The amount actually paid the Hydro Commission was $11,022,972 or a direct saving of $24,735,623. Reductions in rates by the Hydro since the system was inaugurated was said to have saved the municipalities in the Niagara group $5,046,628.

Sir Adam Beck and Hydro-Electric Power. The extension of this great undertaking was an object of continuous discussion during 1920 and, everywhere, Sir Adam Beck expounded the principles of its growth, the desirability and necessity of expansion. At the beginning of the year Mr. Premier Drury expressed sympathy with the Commission and its enterprises. At a Civic luncheon in Toronto on Mch. 17 both gentlemen were present. Sir Adam was frank and sweeping in his remarks. He thought the $40,000,000, required for the Chippawa project, a bagatelle compared with the needs of the country. The people were relying on this enterprise to secure power at cost and when the plant was ready in September, 1921, they would have 575,000 horse power from three generators. Four more were ordered and there would be nine altogether; when the extra 10,000 second-feet of water had been arranged for at Niagara with the United States, it would give Ontario over 1,000,000 horse power. They were looking to the mighty St. Lawrence, also and were determined, even if a political revolution were necessary, that this power should not be taken by the Dominion. Referring to the Power and Radial projects as a whole, he declared that it did not matter if there were $200,000,000 or $300,000,000 needed. The more the better, if they knew it was invested for the benefit of the country.

Mr. Drury in his speech declared, as to the St. Lawrence waterway development matter, that the Government would stand behind Sir Adam and then added: "Our Government is not in any sense unfriendly to Hydro enterprises. We are not tied up in any sense or in any way, by sentiment or otherwise, to private enterprises. I can assure Sir Adam that the Government will support him and co-operate with him in the development of the Hydro. There may be some things in which we will not see eye to eye, but if there is any difference of opinion it will be an honest difference on both sides."

The Ontario Municipal Electric Association met in Toronto on Mch. 24 and passed Resolutions (1) urging Sir Adam to run in the vacant Toronto seat for the Legislature; (2) approving the deepening and widening of the St. Lawrence River and construction of a ship canal for ocean-going vessels; (3) urging the Dominion Government to hand over the power thus involved to the Hydro Commission; (4) proposing legislation to make the submission of Hydro-radial by-laws compulsory upon the muncipalities concerned; (5) asking the Provincial Government to guarantee bonds for the construction of the Toronto and Eastern Radial Railway. W. K. Sanderson, St. Thomas, was re-elected President. At Oshawa on Mch. 25 Sir Adam was banqueted by the Board of Trade and called upon the Government to supplement the vote of the people by an Order-in-Council authorizing his Commission to issue bonds in respect to the acquisition of the Toronto and Eastern Railway.

At this stage, opposition to the Hydro Commission and its policy began to come to a head—the antagonism of private electrical corporations, of the Mackenzie interests, of considerable financial interests which feared too great a liability for the Province it had always had. Opponents claimed that the liabilities of the Commission and the Government, now, were $100,000,000; that the Chippawa plant would involve $50,000,000 and perhaps much more before it was finished; that the proposed network of Radial railways might run up to $200,000,000; that Ontario's part in the St. Lawrence Waterway project of $300,000,000 would be considerable at this juncture. The U.F.O. was opposed to any except the most moderate development along these lines—and the U.F.O. naturally had influence with the Government. Its organ, the *Farmers' Sun*, declared (Feb. 14) that Sir Adam Beck had too long been catering to industries at the expense of the farmers: "The extension of Hydro Power to farms where it would operate milking machines and various other equipment, would do much to replace the shortage of man power yet we are told that such power is not available."

On Mch. 3rd this journal commenced to publish a series of vigorous, special articles on the work, policies and prospects of public electrical utilities. The first article was historical and described the private corporations and financiers who pioneered electrical development in Ontario as "exploiters of public rights;" the first stages of Commission work and Sir Adam Beck's efforts were dealt with. The 2nd and succeeding articles criticized the Commission in an infinite variety of details as to both operation and policy and was distinctly hostile to the Radial Railway projects and extension.

The writer demanded Legislative enquiry into the Toronto and Eastern Railway matter, claimed that the supremacy of the Legislature was challenged by the head of the Commission. described the Hydro interests at Port Arthur as duplicating the existing system and as having raised the rates three times in 4 months, declared the Nipigon power scheme to be untenable. Editorially, the *Sun* on Mch. 31 attacked Sir Adam, personally, for alleged autocracy and for being "unable to stand prosperity;" declared that the Hydro schemes must be switched from transportation or radials to the serving of farms and factories; stated that "the present policy of reckless expenditure" must be checked. On Mch. 3rd the Premier asked G. T. Clarkson, Auditor, Toronto, to audit and report upon the accounts of the Commission, the state of the affairs of its Systems and Companies and the amount of money required from the Government in the next two years to construct or complete its undertakings. The Report was submitted to the Legislature on the 26th and the following quotation may be given as a summary of its conclusions:

> At the present time the Debt of the Province is about $100,000,000, of which approximately $40,000,000 has been advanced in cash and securities to the Commission, while $10,000,000 in cash and securities has been paid for the purchase and use of the Central Ontario System, which is owned by the Province and operated on its behalf by the Commission.
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> The Province has, in addition, guaranteed other securities to the amount of about $8,300,000 to permit the Commission to purchase the Ontario Power Co., and certain other minor properties. . . . Based upon estimates of the Commission and its engineers, upward of $29,000,000 will now be required from the Province, in cash, within the next two years to complete works in construction and meet maturing liabilities, while a further $25,000,000 to $26,000,000 may require to be provided by the sale or issue of bonds of the Commission—guaranteed by the Province—for the purposes of Hydro-Electric Railway lines.

The Commission pointed to the present unfavourable money market and conditions and the heavy costs of construction, declared that there should be frank and complete understanding between the Commission and the Government, and added: "Before new projects be entered upon, also, the Government should, in fairness to the Province, the Commission, and the municipalities, fully satisfy itself that they are based upon such business principles as will insure that the guarantees are not likely to be called upon." Mr. Clarkson also reported to the Provincial Treasurer as to the Ontario Power Company of Niagara Falls which the Commission had acquired in 1919. Then came the Power shortage which lasted, off and on, for several months and created great dissatisfaction; it, however, showed the need for completion of the Chippawa Canal project and, with the Government finally behind it, this was rushed toward completion. On Apr. 29 the Ontario Division of the Manufacturers passed a Resolution of protest and demand for action in the premises. In the Legislature on Apr. 30 a motion was passed declaring that:

> In view of the evident necessity for more equitable distribution of Hydro-electric power throughout the Province, and further, in view of the fact that the prices at present paid for power discriminate against those living at a distance from the source of power and tend to centralization in large centres, especially those near the source of supply, this House is of opinion that the Government should at this Session appoint a Committee of five members of this House to go into the whole question with the Hydro-Electric Power Commission during the recess and endeavour to devise some more equitable system of distribution for the Province and a more uniform price throughout the different portions thereof, and report to the Government as soon as convenient.

At this time the Commission asked and obtained $17,257,000 from the Government for the current financial year, and of this $10,500,000 was required at Chippawa. Speaking at Smith's Falls on May 12, Sir Adam objected to any proposal for creating a Hydro Electric Department of the Government; he had previously refused the position of Minister of Power because politics and patronage would be sure to enter into the subject; he denounced the export of power to the United States by the Cedar Rapids Co. in Quebec. At this point a bitter attack was made upon Sir Adam by A. B. Ingram of the Ontario Railway Board in respect to the London and Port Stanley Electric Railway; this was on June 1st and on the 21st the manager of this line gave a full statement as to the points raised A little later there was published a Report as to the 12 pioneer municipalities which on May 4, 1908, signed a 30-year contract with the Hydro Commission for the supply of electric energy and had begun to receive it in 1913. Their record, as on Dec. 31, 1919, was given as follows:

Municipality	Balance of Liability on Plant	Reserves and Surplus	Municipality	Balance of Liability on Plant	Reserves and Surplus
Toronto	$9,436,279.32	$3,289,777.75	Hespler	18,962.47	31,319.20
London	939,315.46	774,130.79	Preston	69,411.37	85,883.28
Guelph	127,731.62	265,410.42	Waterloo	60,242.89	86 276.05
Stratford	218,317.36	179,095.38	New Hamburg	17,267.80	20,135.58
St. Thomas	106,361.92	238,530.12	Ingersoll	86,605.69	85,292.00
Woodstock	126,086.57	184,327.71			
Kitchener	225,684.68	310,591.47	Total	$11,432,267.15	$5,550,769.75

On July 15 the Commission issued further figures covering the record of 31 municipalities which, on an average, had taken Hydro-electric power for about seven years; 25 of these communities, like the 12 pioneers, being connected with the Niagara system. The other six were on the Severn system, and the combined assets of the 31 were given as $1,880,552, against which there stood a net debt of $697,578; that is to say, the total obligation was 37 per cent. of the combined resources. All these municipalities had accumulated their reserves and surpluses despite the increasing cost of labour and materials and the successive reductions in rates authorized by the Commission. The surplus total was $512,742 and electric service for domestic use had been lowered by 37 per cent. during this period and for commercial use by 41 per cent. In Toronto the annual Report for 1919 of the Toronto Hydro-Electric System showed accumulated funds of $3,000,000, a gross income of $2,504,758 with expenditures of $1,577,122 and other charges of $923,484 with an estimated saving to the public of $17,000,000 through reduced rates. The meters in 1912 numbered 13,858 and in 1919 63,762 while the street lights had increased from 33,834 to 45,091 and the K.W. hours sold from 35,176,548 to 180,609,918.

Meanwhile, an effort was being made in certain directions to compel the use of Hydro-electric power. In the Black Sturgeon River and Pic River limits matter which came under discussion in the Legislature, the Government was criticized for not making the use of Hydro compulsory in connection with the grants and an action was taken to the Courts; in the case of certain G.T.P. lands in the Nipigon District, which were leased by the Dominion Government to Farlinger & McDougall, the Drury Government were censured for not having such a clause in the contracts until Mr. Drury explained that it was a Dominion affair and that the Company had a right to make its contract with the Kaministiquia Power Co. for 10,000 h.-p. if it wished.

The Ontario Municipal Hydro-Radial Association, representing 250 municipalities, met in Toronto on July 8, heard an earnest speech from Sir Adam Beck and passed Resolutions (1) re-affirming complete faith and confidence in the integrity and ability of the Hydro Commission and its Chairman, Sir Adam Beck, "whose good faith, loyalty and ability have been conclusively proven by the saving to the people of Ontario of over $35,000,000 in eight years and by his administration of Hydro-electric and municipal enterprises having an investment of over $100,000,000;" (2) unequivocally approving the proposed purchases of existing Radial lines and disapproving the appointment by the Government of any Commission to investigate and report upon a matter which should be considered on its merits, by the ratepayers of the municipalities interested; (3) urging Sir Adam Beck to be a candidate in the North-east Toronto by-election. Speaking at Toronto on Sept. 5 Sir Adam Beck said that he was one of those who believed that the distribution of electric power should be a monopoly and that all privately-owned companies should be taken over on the most liberal terms.

The Commission, he said, now controlled the largest electrical enterprise in the world . It was distributing 335,000 horse-power to 261 municipalities, divided as follows: Cities 22; towns 77; villages 94; police villages 46, and townships 22. It was his earnest desire that power should be made available to the farmers, and especially to the farm women. He was confident that the increased value of farms equipped with Hydro would more than offset the cost of installation. Regarding the future he was optimistic: "Within 14 months there will be 17 waterpowers operating under the Commission and delivering power to the municipalities. These plants will have a capacity of 840,000 h.-p. so that when they are completed there will be a surplus of 500,000 h.-p. without recourse to the mighty St. Lawrence, or without taking all the available power from Niagara Falls."

Discussion occurred at this period of the idea suggested in certain quarters that the Province should extinguish the rights of the municipalities, as producers and distributors of power through the Commission and re-arrange the rates so that the townships should obtain power at lower prices, while the larger communities should pay high prices. It was claimed on the one side that power for use on the farm now cost a good deal more than that delivered in large volume to the towns and cities and that Toronto secured the current from Niagara for $14.50 per horsepower, while Weston paid $25, Barrie $29, Cookstown $35. On the other hand, *The Globe* (Sept. 7) pointed out that if Toronto did not utilize a very large quantity of Hydro-electric current Weston and Barrie and Cookstown could not possibly get power from Niagara at all, because the cost of transmitting the small quantity of current for the small centres would be ruinously high and, it added: "Such a demand, if conceded, would bring public ownership crashing down into bankruptcy."

Meantime, the Power shortage had developed again—in the Trent region because of a shortage of water and low levels in the Lakes; in the Niagara district, in part, because of the refusal of the Electrical Development Co. to renew the contract for supplying 13,000 h.-p. recently cut off from the Hydro system. As to this, the Electrical interests suggested that the remedy for the shortage was to cancel the Federal license under which the Ontario Power Co. exported 50,000 horsepower to the United States and to rescind the Provincial Act which prevented the Toronto Power Company from developing 25,000 more horse-power. A vigorous fight developed—one of the many which had occurred between these rival interests of private and public ownership. The Commission claimed that there was plenty of water and power available at Niagara, that the trouble arose through the Toronto Power Co. (Mackenzie electric interests) with-holding the 25,000 h.-p. which, during the War, it was compelled by special legislation to sell to the Hydro at $9.00 per horsepower; that as a result thousands of homes were being embarrassed, losses running into millions of dollars were being occasioned, and unemployment made more acute.

The Power Company maintained as to the 25,000 h.-p. that it would be acting in contempt of Court were it to ignore the injunction restraining it from so doing, and that it would be risking its franchise and property valued at $50,000,000 if it were to defy the Act passed by the Legislature declaring all its rights to be void if it exceeded its charter privilege to develop not more than 125,000 horsepower altogether. Negotiations followed between the Government, the Commission and the Electrical Development Co. and the Province was once more confronted with a large proposal to sweep all the Mackenzie interests—the Toronto Power Co., the Electrical Development, the York Radials and other concerns—into Government and Commission control and "clean up" the difficulties of the Niagara system.

Sir Adam Beck had, meanwhile, written (Oct. 6) to Sir George Foster asking that the license of the Toronto Power Co. to export power be cancelled unless the block of 13,000 h.-p., under dispute, and a block of 18,000 horsepower, presently under export from a contract about to expire, be both made available for use by the Commission. This was refused on the ground that the block of 13,000 h.-p. was required by the Toronto Power Co. for use of its own customers in Canada, and that the Hydro-electric Commission had been notified in 1917 that the contract could not be renewed on expiration; as to the other request, it was pointed out that the Toronto Power Co. was exporting 18,000 h.-p. out of a total development of 125,000 but that the Hydro-electric Commission, itself, was exporting 50,000 h.-p. out of a development of 200,000.

The *Financial Post*, which strongly opposed Public ownership, declared on Nov. 5 that the real trouble was due to the fact that by promise and under contract Sir Adam Beck had made himself responsible for a service which he could not give: "The feeling against Sir Adam Beck and his group of theorists has grown so strong, because of his failure to supply his customers, that an appeal was made to the Provincial Government over his head. . . . Mr. Drury at once took steps to permit the water that had been running to waste for months to be turned on and the idle machinery of the private companies to be used." Finally, as to the shortage phase of the discussion the Electrical Development Co., on Nov. 13, agreed to supply the Commission with the output of its extra generator—approximately 15,000 horse-power—the matter of price, which had been a great stumbling block, being left to the arbitration of Brig.-Gen. C. H. Mitchell.

Acquisition of the Mackenzie Interests. A month later, on Dec. 5, it was announced, after 10 years of competition and conflict, and two of negotiations between Sir Adam Beck and Sir William Mackenzie, that an agreement had been concluded by which the Hydro-Electric Power Commission had purchased the Toronto Power Co.,—including the Toronto and York Radial Co. and the Schomberg and Aurora Railway Co.; the Toronto and Niagara Power Co., the Electrical Development Co. and the Toronto Electric Light Co.—the Toronto Street Railway being excepted as it would pass under City control in September, 1921. By this agreement, according to Sir Adam Beck: "The people of Ontario secure the largest organic power system in the world. It is practically a public monopoly. Now, as never before, public ownership is on trial. If the great project is properly, honestly and efficiently conducted it is bound to prove a heritage of inestimable value." The consideration given was $32,734,000 divided as follows:

1. Approximately $6,971,295 in 6 per cent. 20-year bonds of the City of Toronto.

2. Approximately $2,375,000 of 20-year 6 per cent. bonds of the Hydro-Electric Power Commission dated Dec. 1st, 1920, secured by 1st mortgage on the properties of the Toronto and York Railway Co.

3. Approximately $612,528 of 20-year 6 per cent. bonds of the Commission guaranteed as to principal and interest by the Province.

4. The assumption by the Commission of the underlying bonds and the interest and sinking funds thereon of the Toronto Power Co., Ltd., as follows:

(a) 1st mortgage 5 per cent. bonds of the Electrical Development Co. of Ontario, $4,335,000.

(b) 4½ per cent. 30-year debenture stock and bonds of the Toronto Power Co., Ltd., $13,558,917.

(c) 5 per cent. mortgage bonds maturing 1st July, 1924 (secured on preferred stock) of Electrical Development Co., Ltd., $4,103,200.

(d) Three-year 6 per cent. promissory notes of the Toronto Electric Light Co., Ltd., $840,000.

(e) Outstanding shares of Electrical Development of Ontario, Ltd., $13,100.

A banquet was given to Sir Adam following this important development in his far-reaching efforts (Dec. 8) by the Mayor and City Council of Toronto when Mayor Church presented him with a large and handsomely engraved silver loving-cup. In his speech the Hydro chief stated that through his Commission the municipalities of Ontario had acquired 94 private corporations owning public utilities. The total investment in 41 of these companies was $66,000,000. The bonded indebtedness assumed by the Commission was $37,000,000. Bonds had been issued to the amount of $28,000,000, while the total cash paid in respect of the properties was only $663,000. As to the rest: "We should call this Armistice Day, in the great battle that has been going on for 18 years. It was in 1902 when we began our organization, and to-day we may well say that the conflict between public ownership and the private corporation has come to an end so far as that ownership concerns public utilities in the Province of Ontario." Hon. I. B. Lucas, George Wright and S. T. Lyon of *The Globe* also spoke.

The Question of Hydro-Electric Radials. The chief Hydro-Electric controversy of the year, however, was in the matter of Radials. During the six years which had elapsed, in 1920, since the passing of the first Ontario Hydro-Electric Railway Act, the Commission had received requests from 300 municipalities to prepare reports on the construction and operation of Electric railways in their localities and, in response, about 3,000 miles of projected lines had been surveyed. Practically all these lines were located in South-western Ontario. The specific lines of the year were (1) Port Credit to St. Catharines as to which approval of all municipalities and of the Governor-in-Council had been obtained; (2) Toronto to Port Credit and thence to London as to which agreements had been voted by the municipalities concerned; (3) acquisition of the Toronto and Eastern Line between Toronto and Bowmanville as to which the municipalities had executed their agreements and the Governor-in-Council had expressed approval.

Operation of the Windsor, Amherstburg and Sandwich line was a fact and that of the Guelph Radial was under arrangement; any agreement with the Mackenzie interests in Toronto involved the operation of the Toronto and York Radial lines. The chief arguments adduced by opponents and critics of Sir Adam Beck and Hydro Power policy, at this time, were against the Radials and the Dominion Government acquisition of C. N. R. and G. T. R. steam roads was their strongest point. It was keenly urged by the *Farmers' Sun* and discussed by Farmers' organizations; in his various conferences with Sir Adam and the Commission in the early part of the year this point seemed to most impress the Provincial Premier. The *Farmers' Sun* of Mch. 20 put the objections as follows: "In Ontario, the Grand Trunk Railway will soon pass under the control of the people of this country and in this Province the G. T. R. has a larger mileage and serves more people than any other railroad. The Canadian Northern is already ours. Why should the people of Ontario build and equip lines paralleling a system which will soon come under the control of the people of Canada? Ontario is committed to the building of some 1,800 miles of improved highways; since the advent of the auto and the improved highway, Radial lines in many parts of the United States are not earning sufficient to pay for their running expenses. The motor truck and the pleasure car have supplanted the radial lines both for the carrying of freight and of passengers."

On April 8 Sir Adam Beck met the Minister of Railways (Dr. Reid) at Ottawa, discussed this point with him and urged a plan of proposed co-operation between the Canadian National Railways and the Hydro-Electric Commission under which C. N. R. electric roads taken over by the Government in Ontario would be operated as part of the Hydro-radial system; he also wanted to electrify and link up with the Hydro certain branches of the Grand Trunk. As spokesman of a Delegation to Mr. Premier Drury on April 29, Sir Adam stated that the Minister of Railways had assured him that the National lines were not afraid of Radial competition, that the Federal Government would confirm the Commission's opinion in respect to the Toronto and Eastern and would accept Radial bonds guaranteed by the Province for the purchase or construction of the three lines immediately under consideration; that the sum involved was only about $8,000,000.

Mr. Drury's reply was cautious: "I think that the Chippawa scheme should be pushed forward to the earliest possible conclusion. No economy can result from delay and power is urgently needed; but the financial ability of the Province is at the present moment strictly limited. It would be a terrible mistake if we saddled up the Hydro scheme with permanent high rates. You say that the Government is only asked to guarantee the bonds. I ask you could any Government collect from a municipality?" On June 18 Sir Adam Beck made public a Report to him (dated May 28) as to the Commission's proposed Hydro-radial lines—prepared by W. S. Murray, a consulting Engineer of New York. It dealt with the Toronto-Hamilton-Niagara Falls project, the Toronto and Eastern and a Hamilton-Galt-Guelph-Elmira line. He estimated in detail the cost of the 72-mile line between Toronto and St. Catharines as $22,298,635 but did not go specifically into the others. His summary of conclusions was as follows:

1. I consider the construction and operating estimates made by your Engineering staff conservative.
2. I find the lines admirably located with reference to the passenger and goods traffic they are designed to reach.
3. I do not consider the act of their construction as one against which charge of duplication can be made.
4. I am in full accord with the conclusion of the Commission that it is inadvisable to proceed at this time with the full construction of these Radials on account of the greatly inflated costs applying both to line and equipment.
5. I consider it most important, however, that the Commission proceed with the development of its full plans as to financing as well as construction, in order that it may be in a position to acquire such existing radials and property as may be economically purchased, and which will, later, form parts of the completed systems.

Under date of June 22 Sir Adam wrote to Dr. Reid, Minister of Railways, offering on behalf of the Commission to purchase the Toronto-Eastern line and pay $706,000 in 4½ per cent. 50-year guaranteed Provincial bonds; the Toronto Suburban Railway and pay by assuming $2,628,000 of outstanding 4½ per cent. bonds; the Niagara, St. Catharines and Toronto lines by paying $3,544,374, in part with Provincially guaranteed bonds and in part by assumption of existing bonds. He added this statement: "It is understood if the Hydro-Power Commission take over these Radial railways on behalf of the municipalities, it is one of the conditions, in view of the above agreement as to price, that an exclusive traffic agreement will be made for all traffic between the above Electric Railways and the Canadian National Government-owned Railways." It was stated on June 30, when the project was submitted to the Government at Toronto, that the Dominion Government had agreed to this proposition together with a large number of the municipalities.

The Provincial Government, however, hesitated and took expert advice on the whole Radial situation. Mr. Drury's reply (July 6) stated that after very full and careful consideration it had been decided to defer action until a thorough enquiry had been made as to "the advisability of going on with this project." Sir Adam replied by asking the Prime Minister to remember that important commitments had already been made on behalf of the Government and the municipalities—the latter's debentures being on deposit with the Hydro-Power Commission to the extent of almost $13,500,000 as a guarantee against bonds issued by the Hydro-Power Commission for municipal Radial railway purposes. Work already inaugurated involved the extensive acquisition of rights of way costing over a million dollars.

The present Government, he claimed, had validated and made legal and binding on the Commission agreements for the construction and operation of Electric railways and (1) had guaranteed the bonds of the Sandwich, Amherstburg and Essex Line to the amount of $2,100,000 and (2) for the construction and operation of the Toronto and Eastern Railway to the amount of $8,360,736; (3) had endorsed the bonds of the Port Credit to St. Catharines section to the extent of $11,360,000; (4) had enacted legislation legalizing the construction of the Toronto and Port Credit section to the extent of $7,536,000; (5) had expended $29,446,736 on Hydro-Electric Railways. On July 7 the Government issued an elaborate statement reviewing the situation and describing the issue as follows: "Shall this Government adopt the principle of publicly-owned and operated Radial railway systems for the Province as a whole, and proceed energetically, through the Hydro-Electric Power Commission, as conditions may warrant, with the construction (or acquisition) and operation of such a system?"

The current Debt of the Province was stated to be $125,000,000, the advances to the Commission to date as $56,000,000 and its commitments re Chippawa and other Power schemes $47,000,000 more; should these Radial projects be carried out it would involve an increase of the Public Debt in a few years to $260,000,000. The Radial projects were new, apart from, and in addition to, the general Power question with which the Government was in full sympathy and accord; they were not by any means assured of success and the situation of existing electric lines in the Province—built in days of much cheaper material and labour—was instanced. For these and other reasons, the Government had decided to appoint a Royal Commission to go into the whole matter.

The immediate reply of Sir Adam Beck to this pronouncement was a meeting at Toronto on July 8 of the Hydro-Electric Radial Association representing 250 municipalities. The following Resolution was unanimously passed: "That this meeting unequivocally places itself on record as approving of the proposed purchases, having a clear and comprehensive conception of the obligations to be entered into by the interested municipalities in connection with the acquisition of these lines, and expresses its strong disapproval of the appointment by the Government of any Commission to investigate and report upon a matter it is felt should be considered on its merits by the ratepayers of the municipalities interested; and further this meeting feels that the municipalities should be allowed to prosecute their legitimate undertakings without being unduly hampered and obstructed by political interferences, reserving to themselves the right to dictate their own policies where their own credit is involved."

Sir Adam declared that financial interests in Toronto and Montreal and Railway interests in Montreal were "trying to impede the enterprise." At the same time Tom Moore, President of the Trades and Labour Congress, issued from Ottawa a statement that a better way to deal with the subject would be to reorganize or re-appoint the Hydro-Electric Power Commission: "Organized Labour has confidence in publicly expressed opinion and, after the fights it has taken part in against entrenched interests at Hamilton, Guelph and many other points to secure approval to the Hydro-Electric Radial project, it does not intend to sit quietly by and allow the whole scheme to be either blocked or destroyed."

The Commission, as announced on July 15, was as follows: Mr. Justice Sutherland (Chairman); T. A. Russell of the Russell Motor Car Co., Toronto; Fred Bancroft, Labour leader, Toronto; W. A. Amos, Vice-President of the U. F. O., Palmerston; A. F. MacCallum, City Engineer, Ottawa. Mr. Russell retired shortly afterwards and Brig.-Gen. C. H. Mitchell, C.B., C.M.G., D.S.O., of the University of Toronto, was appointed in his place. At Markham on the 14th the Premier had strongly defended his policy in this respect. In the beginning he pointed out that Provincial responsibility for the financing of Hydro was established and that responsibility continued to the present time. Hence the need for caution and the Commission of Enquiry. He then suggested the personal equation as a further reason for the Government action: "Sir Adam Beck has been a great force in putting this scheme before the people, but has shown that his temperament has been largely that of a promoter, a man of great optimism and one who can make other people see his vision. But a man of that character, or a Commission of that character, and it has been largely of that promoting character, is not the best source from which we can get an unbiassed and unimpassioned opinion as to the probable success of the enterprise."

At Guelph on the 15th Sir Adam Beck replied with vigour and claimed that except in cases of guarantee the municipalities and not the Government or Province were financially responsible for the Commission's operations. At this time, also, the Premier refused to authorize the Commission's purchase of the Guelph Street Railway and declared that the Government had not the legal power to approve of the agreement made between the Commission and the Railway Company. Speaking at Oakville (July 21) Sir Adam Beck said that any information the Government required or that the newly-appointed Commission might obtain, could be supplied by the Hydro-Electric Commission on application. That was the body appointed by law to assume responsibility for the Hydro undertakings and, up to the present, no suggestion had been made that the Commission had forfeited the confidence of the municipalities.

President J. W. Lyon of the Hydro-Electric Association also spoke, as at other meetings, and a vigorous Resolution was passed by the audience. At this point the *Farmers' Sun* (July 24) introduced a new note by denouncing Sir Adam for having assailed in his speeches the Government from which he held his post and his authority. Whatever the issue: "All Commissioners and persons appointed by the Government must do the will of the people" as expressed through the Government. Speaking at a Lorneville U. F. O. picnic (Aug. 20) A. A. Powers, President of the U. F. Co-operative Company, stated that inter-urban and electric lines were only occasionally profitable in the United States and that a recent Report of the Public Service Commission of New York revealed 68 companies operating in that State with only six of them paying dividends in 1918. In operating these 68 lines, the Report showed a deficit in 1915 of $1,768,738, and in 1918 of $14,945,743. The only dividends declared by the paying companies in 1918 amounted to $309,050, or about one-fiftieth of the deficit. He spoke at other points along the same lines.

During this month an Ontario Hydro Information Association was organized in Toronto with Lieut.-Col. J. Z. Fraser of Burford—one of the U.F.O. leaders—as President and such representative names on the Executive as Senators E. D. Smith and Robert Beith, A. C. Garden, J. M. Elson, A. A. Powers, G. D. Conant, etc., to see that the anti-Radial situation was properly placed before the people. There was a tendency in the press of the Province—outside of Toronto—to support the Premier at this juncture and especially in his appointment of a Royal Commission; amongst such journals were the Niagara Falls *Review*, Stratford *Beacon*, Manitoulin *Expositor*, Collingwood *News*, Orillia *Packet*, Alliston *Herald*, Dundalk *Herald*, Pembroke *Standard*. Mayor T. L. Church of Toronto had meantime, vigorously attacked the Government for its Radial policy while Sir Adam Beck spoke at various places defending himself and denouncing the "enemies of public ownership;" Toronto elected a vehement supporter of Radials and Hydro and Sir Adam Beck in the person of A. C. Lewis.

The Hydro-Electric Radial Association met at Hamilton on Sept. 16 and passed Resolutions (1) urging the Government to validate the Hydro Commission's proposed purchase of railways from the Ottawa Government; (2) asking the Dominion to turn over to the Hydro Commission that part of the C.N.R. between Bowmanville and Picton, which the municipalities interested desired to operate as a Hydro-Electric line; (3) declaring that certain interests were striving to effect the withdrawal of Sir Adam Beck, affirming that any move by the Government in support of this would be a calamity and an outrage upon the people of the Province; (4) approving the St. Lawrence Waterways scheme and re-electing J. W. Lyon as President.

Meantime the Royal Commission had been in frequent Session with the first meeting at Toronto on July 19. I. F. Hellmuth, K.C., was appointed to conduct the enquiry for the Government; Robert MacKay, K.C., was retained by the Provincial Hydro-Electric Association and the Hydro Commission to watch their interests; R. S. Robertson represented the non-Hydro municipalities and Kenneth B. MacLaren was appointed Secretary of the Commission. Many witnesses were examined during ensuing months and amongst them F. P. Gutelius, now General Manager of the Delaware and Hudson Railway, who opposed the Radial scheme chiefly on the ground that the Hydro Commission's estimates were extravagant; the Niagara Central Radial and Toronto Suburban lines were said by C. E. Friend of the C.N.R. to be unprofitable; F. A. Gaby, Chief Engineer of the Hydro Commission, testified fully and clearly as to the Commission's estimates—first to the municipalities and later to the Government, and now to the Commission of Enquiry, with respect to the probable cost of constructing Hydro radials—and declared them to have been most carefully prepared and adjusted to changing costs.

Mr. Hellmuth stated (Oct. 21) that the Massachusetts radials, with constantly increasing rates and constantly increasing operating expenses, had passed from prosperity to poverty; W. F. Tye, a Montreal consulting Engineer, strongly favoured electrification of steam roads, controverted W. S. Murray's claim that the steam roads could not handle the business between Toronto and the border, and claimed that another track, added to the Grand Trunk, would be better than a new Radial system; F. W. Coen, General Manager of the Lake Shore Electric Railway (Cleveland to Toledo), stated that motor truck hauling had hit the electric lines hard in the United States and that outlying districts frequently did not come up to expectations in the amount of business, while operating expenses grew steadily. Clarence Bowker, General Superintendent, of the Eastern Division of the Grand Trunk, told the Commission that less than 10 per cent. of the freight carried was local. The Railway men testifying were distinctly hostile to the Radial project.

The Chippawa Power Canal Project. While this prolonged controversy was going on the great Queenston-Chippawa Power Canal was under continuous and active construction with practically no opposition and no delay except through some labour troubles which were adjusted after a period of difficulty. Realizing, as far back as 1913, that the then available electric power supply in the Niagara District would be exhausted before 1920, the Hydro-Electric Power Commission had requested the Ontario Government of that day to allow it to proceed with the construction of a large plant at Queenston. The legislation necessary was not obtained until 1917, when great and varied demand for power for the manufacture of war munitions used up the available resources of that time and, in May, construction work on the new project was begun. It involved the construction of a canal to convey water from the Upper Niagara River to a point near Queenston, where the largest power plant in the world was to be located.

There were many features in this work that were amazing and audacious. It was one of the largest engineering feats yet attempted in Canada; in order to get water to the new power-house at Queenston, the Commission utilized 4¼ miles of the Welland River and caused this sluggish stream to flow back and to take water from the Niagara River instead of emptying into the Niagara above the Falls. This Power Canal, stretching from Queenston, encircled the city of Niagara Falls and was to be 12¾ miles in length when completed. The total excavation in earth amounted to 11,000,000 cubic yards and in rock 4,000,000 cubic yards. The portion of the Canal excavated in earth was to have sloping sides, the width of the bottom being 70 feet and at the top 162 feet; the average depth of the water about 30 feet. The rock portion of the Canal would have vertical sides, with a width of 48 feet and an average depth of water of 40 feet. The net head of water utilized in development would be 305 feet, and the capacity of the Canal be from 15,000 to 18,000 cubic feet per second.

The Power-house was to contain the largest turbines and generators in the world, each of the former being 55,000 horse-power capacity coupled to an electric generator of equivalent size. The entire project, up to an initial capacity of 100,000 horse-power was to be completed in 1921 and, about six months later, three additional generating units were to be installed—thus bringing the capacity up to 250,000 h.p., with an ultimate capacity in the generating station of 500,000 to 600,000 horse-power. Of course this final result depended, in part, upon arrangements with the United States. If the Commission and Ontario, through the Dominion Government, could secure the assent of the American Government to an increase in the amount of water diverted from the Niagara above the Falls by 20,000 second feet, as was proposed, the water to be divided equally by the two countries, the Chippawa Canal installation could be utilized for the production of the above total instead of the 300,000 h.p. contemplated in the original plans.

The Drury Government gave its full support to this project and, early in the year, endorsed the quickest possible construction. In May occurred the labour troubles which threatened to tie the project up and thus delay the additional power which it was becoming very clear through coal shortage and, finally, power shortage, was needed by the individuals and industries and many other interests of the Niagara-Toronto region. The subject was discussed in the Legislature on May 17 and a Committee appointed composed of Brig.-Gen. A. E. Ross, Major J. C. Tolmie, M. M. MacBride, Rev. Edgar Watson and W. H. Casselman to enquire into the situation; Sir Adam Beck stated on May 20 that if labour would do its share 55,000 additional horse-power would be available by the end of 1921. As to the workers he said: "The men are comfortably housed in good houses with separate rooms and iron beds and proper bed-clothes; they work 10 hours a day at 50 cents an hour, and thus make $5.00 a day."

Before this Committee a number of the men protested vigorously against the 8-hour day for which the Niagara District Trades Federation were fighting; the former section wanted a 10-hour day with time and a half for overtime, and the Hydro's offer of a 10-cent increase per hour. On July 8 Sir Adam was able to announce a settlement at 2 shifts of 10 hours each for one section of workmen and 3 shifts of 8 hours each for another, with a satisfactory wage scale. From this on to the end of the year work was rushed with a view to completion in the time originally set—September, 1921. The estimated cost gradually grew and by the close of the year was put at a possible $50,000,000.

Conservative and Liberal Policies; The Timber Limits Enquiry

In the Legislature the conspicuous feature of the 1920 Session was the absence of all combination between the Conservatives, with their 25 members and the Liberals with 28, to oust the Government or to fight it in any organized way. Here and there party spirit showed itself and either party stood, at times, upon its old record or principles; but the incidents were isolated and not continuous. The Election Act evoked Conservative fighting spirit, especially upon the proposed statutory election date as did all references to the Timber limits enquiry or the Kapuskasing question; Mr. Dewart stood for certain moderate policies in the Prohibition matter, that were not exactly popular, and at times attacked the Government and the Conservative Opposition with impartial equality.

During the Session Hon. G. Howard Ferguson was acting Conservative Leader with his erstwhile colleague, Hon. G. S. Henry, taking his place from time to time. Mr. Ferguson put his policy clearly to a party meeting in Toronto on Feb. 2nd: "To unduly harass the new Government before they have had an opportunity of really getting into office, familiarizing themselves with procedure, elaborating and enunciating their policies and demonstrating a capacity for carrying those policies into effect, would be unfair, unsportsmanlike, not in accordance with British traditions and, therefore, would not be approved by the people at large. The defeat of the Government under such circumstances might mean another appeal to the electors with all the expense and turmoil which that would entail. This would not be approved." He spoke frankly as to Patronage: "Merit should be the deciding factor in appointments but Ministers should be able to select those with whom they surround themselves." Further on he stated that: "The fatal weakness of the system in vogue at Ottawa, where the selection of the members of the Civil Service is made by an outside Commission and based upon competitive examination, is that the fitness and capability of the applicant for the particular work in hand is eliminated and the process becomes mechanical."

An incident of importance to the party at this time was the retirement in March of the Ven. Dr. H. J. Cody, Archdeacon of Toronto, and lately Minister of Education, from the House and from politics; he had no political ambitions, was the statement announcing this intention. Brig-Gen. A. E. Ross, C.M.G., and Dr. Forbes Godfrey were two Conservatives who helped in such fighting as there was and the former declared at Weston (April 18) that "if 25 Conservative members of the Legislature were represented overseas by 8 fighting men, then the other side of the House with its 50 members should have been represented by 16, instead of 3." Following the Session, Mr. Ferguson was away in British Guiana and on his return, in June, found the Timber Limit enquiry commanding a good deal of public attention; much of the year was occupied in the succeeding investigation.

The Commission was appointed by the Government on Mch. 9 with the Hon. W. R. Riddell and Hon. F. R. Latchford of the High Court of Ontario as Commissioners. The instructions were to investigate and report (1) upon the accuracy or otherwise of all returns made by any holder of a timber license; (2) as to all culling upon Crown Lands in respect of which a Timber license had not been issued; (3) upon any damage done to the timber or freehold by any holder of a license, through violations of the provisions of the law; (4) as to the persons who were or had been responsible, directly or indirectly, for any irregular practices in regard to these matters. A very large number of sittings were held—chiefly at Toronto and at Sudbury, Fort Frances and Port Arthur in Northern Ontario—many witnesses of varied character, standing and political colour were examined, charges were made reflecting upon politicians and persons and Companies, corruption was revealed and perjury was clearly practised before the Commission.

Inevitably politics got mixed up with the enquiry because of the connection between evidence given and the administration of the Lands, Forests and Mines Department under Mr. Howard Ferguson and the late Hearst Government and the fact that the Enquiry was restricted to the period of Conservative administration. The opening sitting was at Toronto on April 26 and the enquiry took the form of a search into the books and business of the Lumber and Pulp Companies, the methods of taking out logs and of selling timber, the general conduct of lumber operations, the means by which timber limits were obtained under grant or by purchase, the accounting system of the lumber camps, the number of logs cut on Crown Lands and the manner of reporting lumber cuts to the Department, the relations of cullers and lumbermen, the business done and profits made by various Companies. The Crown was represented by R. T. Harding and J. M. McEvoy, K.C., and the Conservative Opposition in the Legislature by Peter White, K.C.

It is impossible to give even a summary of the evidence here; a few leading incidents or statements may be quoted as illustrative of its general scope and character. B. W. Arnold, President of the Spanish River Lumber Co., stated at Sudbury on May 10th that this Company, with a capital of $200,000, had paid in dividends during recent years a total of $1,186,000 or an amount equal to 25 per cent. in 1912, to 30 per cent. in 1913, to 75 per cent. in 1914, to 37½ per cent. in 1915, to 75 per cent. in 1917 and 1919, to 162½ per cent. in 1918. In Toronto on May 26 Albert Grigg, Deputy Minister of Lands, testified that his policy was to have every limit explored before it was sold, in order to find out what timber was in it, but that the money and the men were not always available; he had urged both of the previous Ministers to have every limit advertised, but they did not always take this advice. The present Minister had accepted it as his policy.

On May 27 C. C. Hele, formerly Secretary of the Department, stated that when the late Government retired he moved away from the buildings the Minister's private letter files, and that thousands of letters that they considered "dead" were burned before leaving; J. A. Ferguson of the Spanish River Co., stated at Sudbury on May 14 that there had been "incorrect returns and incorrect affidavits" from his department of the Company but that this had not been with any intent to defraud; at Port Arthur (June 7) W. H. Russell, the American President of the Russell Timber Co., testified that his Company took about 305,000 cords from mining claims and supposed homesteads, settled by veterans and sold to them, for which no dues had been paid except for trespass; considerable proof was adduced at Fort Frances (June 18) against the Shevlin-Clarke Lumber Co. to show irregularities and improperly signed, unsworn, affidavits as to logs and it was stated that 21 square miles of timber limits were granted to this Company on Aug. 28, 1919, without competition; C. H. Greer, a timber contractor of Fort William, swore on June 29 that, in 1912, he gave Col. H. A. C. Machin, then M.L.A. for Kenora, the sum of $1,000 for the use of his influence to get him a timber permit in that District.

Following this and other evidence, Mr. Premier Drury at Strathroy on July 1st, pressed the political point home and declared that the enquiry had been prompted by the fact that Ontario had no greater income from its forests than had New Brunswick—with only one-tenth of Ontario's resources. He added: "What was wrong? The Enquiry shows that the system was rotten to the core. Sixty per cent. of the returns as to cuts of timber were forgeries. When the amount pilfered is got back—and we will get it back—the people will be shocked." On July 11 the Commission issued a first interim Report stating that W. H. Russell of Port Arthur and his associates had obtained, wrongfully, large quantities of pulpwood totalling, in 1913-19, 79,350 cords and had, also, for many years trespassed upon Government lands. Proceedings for recovery, with cancellation of patents, were recommended and on Aug. 4 a writ was issued by the Government.

On Sept. 7 Mr. White, K.C., introduced the political equation before the Commission. "The thing that has struck me," he declared, "is that every concern investigated was a supporter of the late Government. That struck me as being peculiar." At this stage also Mr. McEvoy retired from the legal side of the Enquiry. On Sept. 8, S. A. Marks of Port Arthur gave testimony as to what *The Globe* termed a "wholesale looting of Ontario's timber in the North country by American firms" and stated that he had told Sir William Hearst and Mr. Ferguson of what was going on; his evidence showed strong personal feeling against the two Ministers mentioned and a belief that he had been unfairly treated by them in respect to timber limits; Sir William Hearst attended on the 9th and flatly denied the statements of this witness. W. E. Bigwood (Sept. 10) stated that the Graves-Bigwood Lumber Co., of Toronto was granted a limit of 405 square miles in Hayward Township, in September, 1919, without competition and after a year's negotiations.

Mr. Howard Ferguson, ex-Minister of Lands, Forests and Mines, (Sept. 29), was examined at length. He first stated, as to the non-competitive grant in the Bigwood case, that he did not invite competition for two reasons—he wanted the work done by a man whom he knew to be reliable, and he wanted it done that year. He feared a person making a tender might be a reckless bidder. The slash-burning experiment which Mr. Bigwood was undertaking might mean millions to the Province if it were successful. As to the granting of permits it had always been done to some extent: "In individual cases they were largely dealt with on their merits. There were certain cases that came within the scope of a claim that would go as a matter of course as a permit. You would find a small and isolated area that was not sufficiently large for an independent operation or you would find a burnt-over area that had to be handled quickly, and matters of that kind."

Regarding politics he pointed out that in 52 filed permits before him 19 were given to Liberals, 15 to Conservatives, 16 to men of no politics and 2 to railways. As to the letter matter Mr. Ferguson said that: "No document relating to anything of a public character was removed from the Department with my consent or knowledge. In the five years I was Minister there came into that Department over one million letters, and the fact that a little file of two or three letters may be missing, strikes me as more of a compliment to the system than anything else." Once a year the files were gone through and the "dead material" thrown out. He strongly defended the grants to Shevlin-Clarke & Co., and Bigwood-Graves on the ground of the importance of slash-burning experiments which were to be carried on by both concerns; he declared that in his opinion reforestation, to be successful in Ontario, must be a natural process and not the artifical one sometimes discussed. On Oct. 1st the ex-Minister stated that in regard to the details of policy or administration, he had considered himself superior and, necessarily so, to the letter of the regulations; as to the public competition by tender he had followed the practice of the Department.

After being on the stand for nearly two days Mr. Ferguson expressed resentment at the methods of Mr. Harding, the Crown Counsel, and at the way in which wrong impressions were being given to the public. He vigorously denied certain insinuations as to personal matters and stated, incidentally, that upon assuming office: "I put on the market and sold every dollar's worth of interest I held in Northern Ontario, and since that date I have never had one cent investment in either mines, or timber, or pulp in the Province of Ontario." He went on to maintain that what had started as an enquiry had developed into a prosecution. Both Commissioners took exception to this but Mr. Ferguson stood by the allegation. In general matters he strongly defended the system of sale by tender, as against the old plan of auction sales advocated before the Commission by some lumbermen. Finally, he submitted statistics to show that Ontario's revenue from a square mile of timber under license was vastly greater than that of Quebec—$833 in Ontario as compared with $169 in Quebec.

On Oct. 9 Colonel Machin appeared before the Commission at Port Arthur and absolutely denied having received $1,000 from C. H. Greer in September 1912. He proved that a $1,000 deposit made by him on Oct. 2nd, 1912, shortly after Greer's alleged bribery, was money received from E. R. Michie in respect to a mining deal. Finally, Mr. Justice Riddell told witness that the charges against him should not be considered as reflections on his character. Two days later, at Fort Frances, a report was presented by the Crown Counsel from David Rochester of Ottawa—an expert lumberman who admitted strong Liberal affiliations—showing large variations in the returns made to the Government by the Shevlin-Clarke Company and the estimated cut of logs, much waste in timber that was not absolutely first-class, and an expressed opinion very unfavourable to the Company. On Nov. 2nd another interim Report of the Commission appeared. In it the Commissioners stated, as to the Shevlin-Clarke Lumber Co. that the amount stated in returns to the Government by this Company as to logs was 294,181,714 feet, but the actual amount handled by the mills was 649,946,017 feet, or a difference of 355,764,303 feet, which was not reported. It was also stated that "the returns made to the Government by cullers and by the Company's servants contain a great mass of perjury and forgery." Some cullers, the Commission found, were in the pay of the Company and of the Government at the same time. After setting forth certain details the Commission recommended action by the Attorney-General for the punishment of those who had committed forgery and perjury, and also that proceedings be taken against the Company to recover "the sums of money unlawfully withheld from the Province," and for the cancellation of its license. The Commission continued their enquiry into the following year.

Meanwhile, Mr. Ferguson had to face an Election protest in Grenville filed by the unsuccessful U.F.O. candidate—G. Arthur Payne. There were 200 witnesses for examination. Gordon

Waldron represented Mr. Payne and W. N. Tilley, K.C., with W. H. Price, M.L.A., represented the sitting member; Judges Magee and Sutherland were on the Bench when the case opened at Prescott on Sept. 13. The charges were numerous and so were the counter-charges but on the second day of the trial Mr. Waldron outlined 45 charges which he was dropping for lack of evidence to support them, and this left about 15 charges yet to be disposed of. Agency was not proven as to certain bribery allegations, most of the other charges were dropped as was the cross petition and, on Oct. 12, the judgment of the Court dismissed the balance.

On Dec. 1st a Convention of the Conservative Party of Ontario opened in the Masonic Temple, Toronto, with Capt. J. E. Thompson, M.L.A., in the chair and J. Earl Lawson as Secretary; over 2,500 delegates were registered. Addresses were given by Sir John Willison, W. F. Cockshutt, M.P., Miss Constance Boulton and others; the names chiefly discussed for leadership were those of Hon. G. Howard Ferguson, Hon. George S. Henry, ex-Minister of Agriculture, Brig.-Gen. A. E. Ross, Dr. Forbes Godfrey, K.C., Sir Adam Beck and W. F. Nickle. The latter was not nominated, however, amongst the 25 names presented and, finally, the balloting was taken for Messrs. Ferguson, Ross and Henry with 1,164 votes cast and a considerable majority announced for Mr. Ferguson, amidst great applause. There is no doubt that this result was partly due to political reaction from the situation caused by the Timber Commission.

The Mail and Empire put it as follows on Dec. 3rd—after expressing the hope that Mr. Ferguson would be able to vindicate himself in the most complete manner: "The Drury Government ought not to have limited the enquiry to the period of the Conservative Government; it ought not to have selected as one of the Commissioners a Judge who had been a member of the Ross Government and it ought not to have appointed as Counsel a former law partner of Mr. Dewart, the bitter opponent of Mr. Ferguson." In his speech, prior to the vote being taken, Mr. Ferguson stated that the Commission had been appointed in secret without a demand from the U.F.O. party in the House or from any external element in the Province; he declared that his intention not to stand for leadership had only been changed within a day or two by the 2nd interim Report of the Commission, its possible effect upon the current by-election in Toronto, and the fact that the withdrawal of his name would appear as an admission of guilt. If elected, there was going to be the most vigorous, active, energetic, offensive campaign that ever had been carried on in the Province of Ontario; he then denounced the *personnel* of the Royal Commission in a decidedly vigorous and personal manner. Following this incident the Convention passed a series of Resolutions as a platform for the Provincial party and they may be summarized as follows:

1. Hearty endorsation of the choice of the Rt. Hon. Arthur Meighen as Premier of Canada.
2. Denunciation of the Drury Government's attempt to avoid Governmental responsibility "by carrying on through Commissions."
3. Approval of the principle of a Protective tariff.
4. Re-affirmation of the policy of the Conservative party upon the question of Public ownership and Hydro-electric power development as enunciated by Sir James Whitney and carried out by Sir Adam Beck and the Hydro Commission.
5. Disapproval of any attempt to deprive Canadians of the right of appeal to the Judicial Committee of the Privy Council.
6. Condemnation of the policy of the present Government in refusing timber permits to small producers while vast areas were being handed over to certain large foreign investors.
7. Condemnation of a system of group government as contrary to the principles of responsible government.
8. Advocating the early completion of the new Welland Canal and canalization of the St. Lawrence so that ocean-going ships could reach Ontario ports.
9. Demanding that all positions within the gift of the Provincial Government be given to qualified returned soldiers.
10. Pledging support to such progressive Labour measures as might be introduced in the House.
11. Development of the North country, and more generous expenditures to that end.
12. Formation of a Women's political organization to render assistance to "the party that gave the franchise to the women of this Province."

As to the Timber Commission a Resolution declared that its enquiry had been directed exclusively toward discrediting the late Conservative administration, that the interim Reports were "unfair and biased" and that the Ontario Government should be censured for employing Judges on Commissions of a political and controversial character. The Report of an Organizing Committee, which was adopted, declared that "on the death or retirement of the Leader a Convention shall be called to select a Leader and that a Provincial Convention must be held every three years"; a Provincial Association was then formed with Capt. Thompson as President and as Recording Secretary, J. R. MacNicol, Toronto; Financial Secretary, W. C. Mikel, K.C., Belleville; Treasurer, Earl Lawson. On Dec. 5 the Royal Commission in the Timber case announced that R. T. Harding, Crown Counsel in the investigation, had retired as it appeared that, before Mr. Harding's retainer by the Government, he had been retained to collect evidence of exploitation of timber by the Shevlin Clarke Co., and that such retainer continued after his employment by the Government.

H. Hartley Dewart, K.C., as Provincial Liberal leader, took issue at times with both the Government and the Conservative

Opposition, denounced the late Hearst Government with vigour and eulogized Liberal principles at every opportunity. Early in January he urged the appointment of a Liberal representative upon the Hydro-Electric Commission to match Sir Adam Beck (Cons.), Colonel Carmichael (Gov't.) and a proposed municipal member—together with some well-known engineer like Brig.-Gen. C. H. Mitchell. About the same time he wrote Mr. Bowman, Minister of Lands and Forests, attacking the administration of timber matters, declaring the method in sale of limits to be unfair and opposed to public interests, describing a strong feeling in the North that a determined effort was being made to tie up some of the best and most available timber in the interest of certain friends and supporters of the late Hearst Government.

In a statement issued on Jan. 17 he challenged the Premier to contest a Toronto seat: "I am in a position to give Mr. Drury an opportunity to contest one of the Liberal seats in Toronto, if he desires to do so." He criticized the late Lieut.-Governor, Sir John Hendrie, for having called Mr. Drury to form a Cabinet as the nominee of the U. F. O. organization, and not of a body of elected members. The Premier, he declared, was not a free agent: "He lives and moves and breathes and has his being at the pleasure of the Committee of which Mr. J. J. Morrison is Chairman." He denounced the Attorney-General as "seatless and irresponsible" and described the whole system of administration as one of irresponsibility. Speaking at a Toronto meeting on Jan. 22, he said as to the coming Session: "We, as Liberals, will endeavour to give the utmost support to every measure that is introduced in the House in the interests of the people. We shall see that certain measures are introduced, and it will then be up to the Government." A little later Mr. Dewart did his utmost to arrange for Liberal opposition to Hon. Manning Doherty but without success.

As to Liberal policy in the Legislature Mr. Dewart, in debating the Address on Mch. 10, first denounced the late Hearst Government as an autocratic Government that proposed to maintain itself in power by the manipulation of the powers of the governed; he then claimed Liberal credit for aiding many reforms to final success and declared that to-day, where it had sown, others were reaping; he stated that Mr. Drury and himself had more than once stood upon the same Liberal platform and added that if the new Government wanted co-operation, as their speakers said, they should ask for political co-operation. He claimed that the Liberal party in Ontario had always stood for agricultural rights so far as was consistent with the fair demands of labour and of the common people; alleged that the Liberal Convention policy had practically been adopted by the U. F. O. with the exception of control of abattoirs and stock-yards. The U. F. O. platform, however, ignored the returned soldiers, had no place for social reform, and made no mention of Northern Ontario with its valuable natural resources. The U. F. O., also had never thought of Labour till they were forming a Government and needed its support. Mr. Dewart added that had the Liberals come into office they would have asked Dr. Cody to remain Minister of Education.

On May 4th J. Walter Curry, K.C., a strong Liberal, though he did not always agree with Mr. Dewart as Leader, approved the Provincial Treasurer's proposals to increase the Amusement and Succession taxes; endorsed the levy on race-tracks, and declared that the taxation of Insurance companies would not fall on policy-holders; believed that the Stock Exchange should not escape taxation and that the Government should take back some of the timber limits that had been sold without competition or under conditions that had not been fulfilled; urged the Government to confiscate some of the Nickel mines on the ground that they had been misused. He favoured the opening of many Dispensaries where people who wanted liquor for medicinal purposes could get it without the expense of a physician's prescription. During the Session Mr. Dewart continued his onslaughts of preceding years upon the Nickel interests and on May 26 moved a Resolution declaring it the duty of the Government to institute proceedings to recover from the Canadian Copper Co. (subsidiary to The International Nickel Co. of Canada, Ltd.) certain arrears of taxes said to be due; on the Government's promise of an investigation he withdrew it after a discussion in which he reiterated his claim that the International Nickel Co. had, because of its American character, permitted nickel to go to Germany to be utilized in various ways for munitions of war. On May 28 the Liberal leader denounced the methods of enforcing the Ontario Temperance Act and moved to reduce the amount of money voted for that purpose from $250,000 to $150,000; there was no division but it was declared lost amid verbal votes which included many Liberals. The exact terms of the Resolution were as follows:

> That this House is further of the opinion that the machinery for the enforcement of the Ontario Temperance Act is unnecessarily expensive, that the number of Commissioners should be reduced to one, and that such Commissioner should devote all his time to the business of his office under the direction of the Minister; that the present Government Vendors' system is unduly expensive and should be reconstructed; and that the salaries and expenses of the Government dispensaries, with all accounts relating to the same, should form part of the public accounts of the Province.

On July 1st there was an organized expression of dissatisfaction by certain Liberals as to Mr. Dewart's leadership during the Session and this was expressed at a meeting held in Toronto when a Memorial was approved for presentation to the Party leader. *The Globe* described proceedings as follows: "While all present were of one mind in realizing that they were elected as Liberals, and had no intention of being anything but Liberals, they were united in the conclusion that the Liberal platform and the principles of the Liberal party as set forth in the Resolutions of the Convention in June last must receive greater consideration than they had received at the hands of the Leader during the past Session." The Liberal journal pointed out that Mr. Dewart might consider that he was elected by a Convention and that only a Convention could withdraw his responsibility and commented as follows: "It would appear that the Liberal members of the Legislature are not satisfied that under the leadership of Mr. Dewart the party has a well-defined objective and a well-considered plan for reaching it. Their desire is that Liberalism in Ontario shall show it is not only alive, but on the march."

J. Walter Curry and J. C. Tolmie were two of the dissident members but it appeared that the great majority were with Mr. Dewart; the issue was complicated by the statement of the Toronto *Star* (July 3rd) that the Drury Government was carrying on in a manner of which Liberalism must approve and this also was the view of Mr. Curry and others; some opinion in the party outside was expressed by a demand from the South-West Liberal Association that Mr. Curry should resign his seat. A majority of the Liberal members met on July 14 and passed a Resolution of confidence in the Leader and of "complete satisfaction" with a Sessional course which was "characterized by untiring application and energy, grasp of proposed legislation and public policy, and fidelity to the best interests of all the people."

At Renfrew on Aug. 4 Mr. Dewart vigorously attacked the Drury Government in an old-time party speech. In Toronto on Aug. 12 he spoke, with Mr. Mackenzie King, and observed: "Some people say I am too critical of the Farmers' Government, but it is the duty of the Opposition to criticize; if it does not do so it fails in its duty. The Farmers criticize the profligate former Government, but we find them making the same mistakes. Do you mean to tell me that Ministers should travel around the country in private cars on junketing trips or that the Parliament Buildings should have private suites fitted up for Ministers and their relatives?" It was the Liberals who originally exposed the Timber scandal, he claimed, and who had since turned over most important evidence for the Government's use. He declared that the Government continued to delegate its power of action to Commissions, boards and committees and to abrogate its proper junctions.

The Hon. G. Howard Ferguson, K. C., M. L. A.,
Elected in 1920 Leader of the Conservative Opposition in the
Ontario Leglislature

The Hon. Judson Egbert Hetherington, M. D., M. L. A.
Appointed in 1920 Provincial Treasurer in
New Brunswick

Educational Conditions of 1920: The Universities and the People

Unusual interest was shown during the year in educational matters; a certain liveliness of criticism was apparent in both educational and political circles; the University of Toronto and the rural schools were the theme of much discussion in respect to the new Farmers' Government. The Hon. R. H. Grant, Minister of Education, proved himself, however, to be a cautious administrator in a new and naturally difficult post; he utilized the experienced services of the Deputy Minister, Dr. A. H. U. Colquhoun, and obtained during the year an elaborate Report on Elementary Schools in the Province from Dr. John Waugh, Chief Inspector of Public and Separate Schools.

Early in the year the Premier (Orillia, Jan. 6) dealt with one point which was not new but which impressed him strongly—the fact that 93 per cent. of the pupils went no further than the Public Schools; he also affirmed his belief that the schools were over-regulated and that initiative in inspectors, teachers and taught, was injured by regulation. He hoped the day was not far distant when Inspectors would be called Directors and their work would be inspirational instead of mechanical; he dealt with the rural school situation and declared that one solution of the problem was the appointment of permanent male teachers, whose salary and standing in each community would be at least equal to those of the country minister. Speaking at Woodstock on Jan. 14 Mr. Drury emphasized the rural school difficulties and hoped for some kind of reform. Consolidated schools naturally appealed to the Farmers' organization and the *Sun* advocated special effort in this direction. On Feb. 14 it declared no other question before the Drury Government approached that of education in importance: "The matter of salaries is only one of the many features that have to be adjusted. We must provide our boys and girls with better school facilities. The one-roomed school doesn't provide an adequate education. It is a wasteful makeshift and much more expensive in the long run than a consolidated school. The rural schools of the future must be made community centres where concerts, movies, lectures and meetings of various kinds can be held in the evenings, as well as providing better facilities as a place of instruction during the day."

These and similar criticisms were the natural product of a change in Government and changes in popular ideas; some, however, touched problems which the Department had long been trying to solve. The late Minister of Education, Dr. H. J. Cody, told an Educational meeting on April 8 that he was more and more convinced that the area of rural school administration was too small, but this question of consolidated schools was bound up with other matters which a U. F. O. Government might well take in hand. He stated that Mr. Drury's contention as to 93 per cent. not going higher than the Public Schools was a known fact and strongly approved the policy of raising the age of attendance: "We need the fewest possible subjects, taught to the fewest possible students, by the best possible teachers; there is no other solution. I believe that the raising of the school age will solve a good many problems which are now vexing us." Meanwhile, a number of specific changes had been urged upon the Minister by a deputation from the Urban School Trustees' Association which waited upon Mr. Grant on Jan. 23 and by another from the Ontario Educational Association.

A proposal was made to the Government on Jan. 26 by Vincent C. Massey of the Massey Foundation, and other educationalists, for the appointment of a Commission to undertake a survey of primary and secondary education in the Province with the costs borne by the Massey Foundation; at the same time a list of proposed names for the Commission became public in advance of the Government's decision. On Feb. 3rd the Minister of Education rejected the proposal though further discussions took place between himself, Mr. Massey and the Premier. Eventually the matter was dropped.

On Feb. 28 Mr. Grant told *The Star* that there would be no hasty reforms or radical changes without consideration and that time was necessary for study and adjustment. When made, the reforms would deal largely with Public Schools and be designed to round out the curriculum for the advantage of that large percentage of students who never reached the High Schools and Collegiate Institutes. He was very strongly in favour of technical training, domestic science and manual training in the Province. About this time (Feb. 20) it was stated by the Minister that he would continue the policy of his predecessor in office by paying to the publishers of Public School text-books the difference between contracts made under pre-war conditions and the new contract prices, which were necessarily higher because of the increased cost of all supplies. Under this plan it would be possible for children to obtain certain of the text-books at the retail price that had been charged for some years past, notwithstanding the greatly-increased cost of making the books.

A little later (Mch. 5) Mr. Grant announced the completion of certain arrangements with the authorities of the University of Toronto, Queen's University, McMaster University and the Western University, London, which would attract a greater number of graduates to the teaching profession. Under this plan all graduates in Arts at any of the four Universities were qualified to take the course leading to a certificate of qualification for the schools of the Provincial system. During the ensuing Session the Minister carried legislation promoting the establishment of Community Halls and Athletic Fields in rural districts, amending and consolidating the Public School Act and providing larger grants and extended powers for promoting Public Libraries; he also obtained authority to establish Technical Schools. Changes were made in the High School entrance examinations and the Entrance Boards were given greater power in deciding the acceptance or otherwise of candidates and in making recommendations to the Minister. An interesting incident of this period was the decision of the Government to grant $20,000 to the Fund of the new University of Montreal whose Laval buildings had been destroyed by fire—partly in recognition of aid given Toronto University under similar conditions many years before; another was the appropriation of $100,000 to help the Royal College of Dental Surgeons, Toronto, in respect to building extensions which had previously been approved by Hon. Dr. Cody when Minister.

Mr. Grant made a strong statement on Apr. 24 at the opening of a School in Ottawa: "Instead of bringing in estimates for hundreds of thousands of dollars for educational purposes in Ontario, we will have to talk and deal in millions. The present Government is prepared to go to any extent the people demand in support of education." The Minister stated that he had been particularly concerned since taking office with the educational affairs of the rural population. In 1919 Ontario had, out of a total of 5,757 rural schools, five schools with an average attendance of one pupil, 12 schools with an average attendance of two, 35 schools with three, 46 schools with four, 79 schools with five, 479 schools with six and 1400 schools with less than 10 pupils. On May 16 it was announced that the Minister of Education would dispense with the Faculties of Education at Toronto and Queen's Universities for the training of teachers; at the same time, the Normal Schools would be widened and strengthened in both their theoretical and practical courses; at this time, also, the Minister of Agriculture stated that next year the University of Toronto would establish a course in Farm Economics.

On June 30 it was stated that Mr. Grant had been making a careful enquiry into the High School system of the Province and had become convinced that the courses were bearing too heavily upon pupils and that the over-pressure was due, in a measure, to congested courses of study and to the burden of departmental and university examinations and that the energies of pupils were being dissipated in too many subjects of study taken concurrently. A little later (July 8) it was announced by the Minister that the new arrangements for the training of Public and High School teachers were well under way; that all former provisions respecting the training of these teachers at the Faculties of Education were cancelled; that courses for the training of 1st class Public School teachers in the Normal Schools would be organized at London, Hamilton, Toronto and Ottawa; that in the University of Toronto an institution would be established to be called "The Ontario College of Education," and provide for (1) graduate courses of instruction in Education, (2) courses for certificates as High School assistants and specialists, and (3) such other courses as might be required for certificates to be issued by the Department of Education. The cost of maintaining the new College would be borne by the Province and all fees be subject to Provincial control and the certificates issued from the Minister.

A deputation of returned soldiers trained in the Teaching profession waited upon Mr. Grant on July 24 and stated that 75 qualified men were without positions because many School Boards would not pay adequate living salaries for male teachers. The Minister declared himself strongly as to the educational importance of having such men employed: "In my judgment, School Boards securing teachers who are returned soldiers should earn an additional grant, and I propose to recommend this policy to the Government to take affect during the coming year." During this month (July 5-Aug. 6) summer courses for teachers were held by the Department in Toronto under direction of the Minister with Prof. H. J. Crawford as Supervising Principal and over 300 teachers in attendance; on Aug. 16 Mr. Grant stated that the Compulsory School Attendance Act for Adolescents of 14 to 16 and, in certain cases, 16 to 18 would not come into force a year hence as enacted.

In September it was stated by J. E. Wetherell, Editor of Text-books for the Department, that a new and modern text-book dealing with Composition and Grammar was being prepared by H. W. Irwin, B.A., and Andrew Stevenson; speaking at Ottawa on Oct. 15 Mr. Grant intimated that he was advocating and working for a minimum salary of $2,000 for teachers. In November the appointment was announced of a large Committee of Educationalists presided over by F. W. Merchant, M.A., LL.D., Director of Technical Education, to consider and report upon (1) the effect on the schools of preparing pupils for matriculation and for the teaching profession; (2) the division between elementary and secondary school courses; (3) the larger number of subjects in demand by different types of pupils; (4) the need arising out of the Adolescent Act for pupils who, not going forward to the Universities or the profession, desired a general education to fit them for their future life in the community.

This was a notable record of work and action for one year and the Minister was justified in stating in his Annual Report for 1920 that "the school system and education generally has aroused a widespread interest." As to Elementary schools he described the outstanding facts as encouraging with an improved average of attendance and higher salaries for teachers. The detailed statistics given further on were chiefly for 1919 but the Minister stated that partial returns for 1920 confirmed the progressive movement in these respects. The number of elementary schools in 1920 was 6,738, and the average attendance 357,997 with a larger number of pupils enrolled. The total value of school buildings, sites and equipment was about $52,000,000: "The salaries of teachers in 1919 showed steady advances, although not in proportion to the requirements of the situation." The Legislative grant to Elementary schools had been steadily increased—in 1918 it was $970,585, in 1919 it was $1,316,529 and in 1920 the vote was $1,535,000. The rural average for women teachers, however, still remained in 1919 at $663.

In September, 1920, 44 Inspectors had reported average increases under their respective jurisdictions running from 15 to 60 per cent. and in specific amounts from $100 to $300. The Inspectorate of North Simcoe showed 60 per cent. increase, East Kent 56½ per cent., and Dufferin 53 per cent. The average was from 30 to 35 per cent. As to rural conditions which, at this time, were so often criticized, the Minister said: "The rural Boards have invested largely in school expenditures. The value of rural school buildings, sites and equipment is about $15,000,000. To support the rural schools, the localities tax themselves to an extent that is not always kept in mind. Either in the form of township grants, or by taxes raised by the school sections, the rural trustees spent $6,685,766 in 1919. The total amount expended upon elementary education in 1919, both urban and rural, by the people themselves was $18,851,627. This, of course, is exclusive of the cost of technical, high school and university education."

School consolidation made steady progress. Under the Law of 1919 there were formed 10 consolidated schools. As to this the Minister commented as follows: "A great campaign of debate has taken place throughout the Province upon the subject. More than 200 meetings have been held. The Department has sent its own officers to conferences and meetings as far as their regular duties allowed. They have been ably assisted by the county inspectors, whose special knowledge of each locality has been invaluable. The Trustee Association, largely composed of rural trustees, has lent its best efforts to aid in organizing the movement." He stated that a new system had been devised by which the clerical and statistical labours of Inspectors had been sensibly lightened and that the Report of Dr. Merchant, for Industrial and Technical education, showed a healthy condition of affairs with the day schools containing 4,790 pupils and the pupils on the roll of evening classes exceeding

26,000. In Continuation schools, it was pointed out, the increased grants of 1920 had greatly relieved the financial position although the difficulty of securing qualified teachers, even at somewhat advanced salaries, was severely felt.

The total cost of maintaining the Secondary schools in 1919 was $3,136,743. Of this sum $2,748,042 went to the support of the High Schools and Collegiate institutes. Mr. Grant stated the situation was not, in this latter respect, satisfactory: "The higher salaries that must be paid and the larger attendance call for increased revenue for maintenance. This situation may be partly met by increasing the Legislative grant which will automatically increase the county grant by a similar amount, and also by raising the rates paid by the counties for county pupils. It does not, however, dispose of the question of the capital expenditures which will be entailed by the erection of new buildings. . . . These salaries have never been adequate, and the proportion of male teachers has dropped to 48·63 per cent." As to Teachers in training the Minister stated that there were 70 students in the new Ontario College of Education who desired to qualify as High school assistants, and 15 taking the household science course or a total of 85, while in the seven Normal Schools there were 125 candidates for 1st class certificates and 1,162 for 2nd class certificates. The number of teachers with temporary certificates reported to the Department at the end of 1920 was 305. The number of returned soldiers who trained for the profession and qualified in 1919-20 was 253; of these 134 were in charge of schools.

Dr. Merchant reported to the Minister at length in this volume as to Industrial and Technical Education as did the Inspectors of High and Continuation Schools; the Inspectors of Manual Training and Household Science also reported with the Director of Professional Training who stated the enrollment in the Educational Faculties of Toronto and Kingston as being 373 males and 1,732 females. The Inspector of Elementary Agricultural Classes stated that there were 1,358 ungraded schools with agricultural classes—836 home gardens and 522 school gardens; 47 graded schools with similar classes and 17 home gardens and 30 school gardens; a total of 1,648 classes and gardens in Public and Separate Schools. There were 25 High schools and 7 Normal schools with classes in agriculture and the attendance at the Ontario College of Agriculture summer courses was, in 1920, 374 men and women.

W. O. Carson, Inspector of Public Libraries, reported greatly improved conditions as a result of the legislation of this year: "Opportunity is now offered for the establishment of free libraries in rural districts as well as in places that have had the right for many years. Provision for Free Public Library income is placed on a sound service basis that sets a new principle in library legislation. The Minister of Education is given greater powers than formerly for encouraging libraries and for assisting in the development of a worthy library system." Mr. Carson quoted many Resolutions by Library Boards and various press comments in praise of this legislation. The Free Public Libraries in 1919 numbered 186 with 1,470,289 volumes in stock, a circulation of 5,628,417 and a Legislative grant (1920) of $27,686 with an expenditure on books, in 1919, of $100,093; the Association Public Libraries numbered 250 with 436,654 volumes in stock, a circulation of 562,288 and a Legislative grant (1920) of $9,963 with an expenditure on books in 1919 of $16,921. There were 90 Rural School Libraries in 1919-20 with 1,189 schools purchasing books out of 5,512 with a total of $16,770 expended and Government grants of $8,458. The following table gives in condensed form the Educational statistics of the previous year:

1919 Statistics

School population between the ages of 5 to 21 years	652,264
High Schools (including Collegiate Institutes)	167
Continuation Schools	138
Public Schools in operation	6,179
Roman Catholic Separate Schools	559
Total of above schools in operation	7,043
Pupils attending High Schools	38,078
Pupils attending Continuation Schools	5,126
Pupils attending Day Industrial, Technical and Art Schools	4,790
Pupils attending Night Industrial, Technical and Art Schools	26,527
Pupils attending Public Schools	472,572
Pupils attending Roman Catholic Separate Schools	74,833
Grand total of students and pupils	621,926
Amount paid for the salaries of Public and Separate School teachers	10,160,399
Total amount paid for Public and Separate School purposes	18,851,627
Amount paid for Continuation School teachers' salaries	253,654
Total amount paid for Continuation School purposes	388,701
Amount paid for High School teachers' salaries	1,801,602
Total paid for High School and Collegiate Institute purposes	2,748,042
Amount paid for Industrial, Technical and Art School Teachers' Salaries	324,193
Total amount paid for Industrial, Technical and Art School purposes	659,073
Grand total paid for Educational purposes as above	22,647,443
Male teachers in Public and Separate Schools	1,328
Female teachers in Public and Separate schools	12,061
Total Public and Separate School Teachers	13,389
Continuation School Teachers	244
High School and Collegiate Institute Teachers	1,168
Day Industrial, Technical and Art School Teachers	177
Number of all Teachers, as specified above	14,978

The University of Toronto during 1920 had to face new conditions as did so many other Provincial interests; it found that the new Government was disposed to act carefully and upon the whole judiciously. Sir Robert Falconer, President of the institution, continued to stamp its management with the higher academic culture which had marked its progress in recent years side by side with the inevitable utilitarianism of the age. To varied audiences he spoke along lines indicated in an address at Calgary on April 7 when he declared that: "The world will not be freed by economic changes. Man's life is more than that. We must get back to where the Greeks were, and find that freedom is based on deeper things. The new freedom must be a deliverance from the tyranny of public opinion. Our present democracy is a blessing, but it is not yet free." It was put in a little different way to a University graduating class on May 14: "It seems to me as I look abroad in these troubled days that what is at the root of our trouble is not economic. It is a state of mind. People everywhere are irritable. What is really at the root of it is a lack of good-will."

During the year ending June 30, 1920, the gross revenue of the University was $1,068,519 and the total expenditure $1,509,311—an increase of $317,709 over 1919; the deficit of $453,496 was met by a balance in hand from the past year of $44,175 and a special grant of $400,000 voted by the Legislature in its 1920 Session. The Staff of the institution numbered 509 which included 66 Professors, 44 Associates and 35 Assistants with 78 lecturers and associates (in Medicine) and instructors in the Faculty of Education, 286 demonstrators, fellows and instructors; the total number of students registered for 1919-20 was 5,237 of whom 3,726 were men and 1,511 women with 1,034 of these as students in the Faculty of Arts in University College, 500 in Victoria College, 123 in Trinity College, 185 in St. Michael's College or 1,991 altogether in the Arts Course; there were 1,284 in the Faculty of Medicine, 169 in Graduate Courses, 819 in the Faculty of Applied Science, 423 in that of Education, 48 in that of Forestry and 20 in that of Music, 355 in the Department of Social Service and 172 in the Preparatory Matriculation class for returned soldiers.

The President, in his Report, paid tribute to the value of the Loan Fund for returned soldiers established by the Alumni of the University: "The Committee arranged loans without interest to 152 men, aggregating $37,477, and the Board of Governors cooperated by allowing these men the postponement of the payment of fees without interest. Similar loans will be required for at least two years. Thereafter the returned loans will be constituted a Scholarship Fund from which the dependents of returned soldiers will receive assistance for an academic career." The Alumni's War Memorial Fund from which this was taken had proved very successful with $335,000 subscribed by the middle of the year. In the Session of 1920-1921 there came into operation a new Course leading to the degree of Bachelor of Commerce; before the completion of the course of four years a candidate must produce evidence of employment for a definite period in a commercial firm, in public service, or in some business capacity. It was proposed, in establishing this course, to prepare students not only for business and commercial life in general, but also for the Consular Service and the foreign representation of Canadian firms.

The experiment of the full-time Professorship in Medicine was carried out during the year with very great success by Dr. Duncan Graham and a re-organization of the medical services of the Toronto General Hospital was effected under Dr. Graham's direction; the sub-department of Pediatrics was also re-organized with Dr. Alan Brown in charge; the total enrollment in the Department of University Extension was 167 of whom 70 took the Course leading to the Degree of B.A., 43 the Department of Education Course and 54 in Tuitional Classes. The Report of Sir Edmund Walker, Chairman of the Board of Governors, stated the new Electrical Engineering building to be well on the way toward completion and also with the new building for the University Press; the financial statement of the University showed Assets in which site, lands, buildings and contents were valued at $5,897,077, unproductive lands at $57,067 and leased properties $637,734. The Librarian, H. H. Langton, M.A., reported 160,580 bound volumes in the Library and 52,646 pamphlets with 57,811 books used by students during the year of June 30, 1920.

The discussion as to the Faculty of Education during the year was of import to the University and, when it was first announced that a change of policy was likely on the part of the Minister of Education, the Student body of the Faculty (May 27) presented a petition urging the value of the University support and environment to the Teaching Faculty and pupils: "We maintain that the atmosphere of the University does much to develop personality, initiative and strength of character, such as could not be achieved to the same degree by any other training institution. These qualifications are essential to a teacher." Rumours that the University of Toronto Schools would not be retained in affiliation with the University also brought a large delegation to the Minister on June 11 and a protest from *The Star* of May 29. Finally, in July, the Ontario College of Education replaced the Faculty of Education; the Dean, William Pakenham, B.A., LL.D., was retained in the new institution with H. J. Crawford, B.A., as Professor of Education and Headmaster of University Schools. On June 3rd the Hon. degree of LL.D. was conferred by the University on the following gentlemen:

General Sir Charles Townshend	Of Kut El-Amara fame	London
George Herrick Duggan, D.SC.	Dominion Bridge Co.	Montreal.
General Sir Arthur Currie, K.C.B., LL.D.	McGill University	Montreal.
Ralph Hayward Severance	Traveller and Historian	Buffalo.
Hon. Cornelius Arthur Masten, B.A.	Supreme Court of Ontario	Toronto.
Archibald M. MacMechan, B.A., PH.D.	Dalhousie University	Halifax.
Henry Sproatt	Architect of Hart House	Toronto.
Chester Daniel Massey, B.A.	Hon. President Massey-Harris Co.	Toronto.
William Pakenham, B.A.	Faculty of Education	Toronto.
Bernhard E. Fernow	Pioneer in the Science of Forestry.	Toronto.

Prof. Edward C. Jeffrey, B.A., PH.D., of Harvard University was made a D.Sc. and Healey Willan of Toronto was given the degree of Doctor of Music while John Gunion Rutherford, C.M.G., of the Railway Commission was made a Doctor of Veterinary Science. On Oct. 27 the Government appointed a Royal Commission of Enquiry with Hon. H. J. Cody, formerly Minister of Education, as Chairman, and with him the following gentlemen: Sir John Willison, T. A. Russell, J. Alex. Wallace, C. R. Somerville and A. P. Deroche. It was authorized to (a) enquire into and report upon a basis for determining the financial obligations of the Province toward the University of Toronto, and the financial aid which the Province should give to Queen's University of Kingston and the Western University of London; (b) to recommend such permanent plan of public aid to the said Universities as shall bear a just and reasonable relation to the amount of the Legislative grants to primary and secondary education, and (c) to make such suggestions on any of the above subjects as may seem, in the opinion of the Commission, to be desirable. The Commissioners visited the Western University on Nov. 18, the University of Toronto on Nov. 19 and Queen's University on Nov. 22 while representatives of the Universities and of various organizations connected with them appeared before the Commission at several December sittings. The report was not completed until the following year but interesting evidence was presented and published as to conditions both actual and comparative.

Sir Robert Falconer on Dec. 6 stated the Toronto requirements in a building connection as follows: Heating plant, $300,000; Anatomical building $600,000; Forestry and Botany building, $300,000; University College extension, $300,000; Administration building, probably including completion of Convocation Hall, $400,000; Women's building, Gymnasium, etc., $250,000; Union and Residence for University College women, $450,000; Residence for University College men, $450,000; part of south wing of Museum $250,000; Medical building and Hospital, $300,000; new wing, Chemical building, $250,000; addition to Library $300,000. The total was $4,150,000. The President compared proposed expenditures for the year at Toronto and various American Universities of similar rank: Toronto, $1,993,000; Minnesota, $5,059,591; Wisconsin, $4,462,000; California, $4,432,282; Michigan, $3,819,000; Illinois, $3,532,785; Harvard, $4,157,315; Pennsylvania, $3,269,552. With the exception of the University of Minnesota, these figures were exclusive of building expenditures.

It was pointed out that among 1,833 students applying for admission to the 1919-1920 Session 351 were sons of farmers. Victoria, Trinity and St. Michael's submitted statements that when they had entered into federation with the University it was because they believed it would be a great institution adequately supported by the State and that this was not being done. Gordon Waldron for the U.F.O. stated on Dec. 21 that: "I am to urge that the financial and economic necessities of the time require a re-discussion of the University question, which may result in great frugality and perhaps in an extensive decentralization. I am instructed to say that the University of

Toronto is not well situated in the business section of a great city. Wisdom would have long ago moved the University to the suburbs or to a quiet country town where University discipline of students might be exerted."

Meanwhile, this situation had been the subject of discussion by the *Farmer's Sun* as the organ of the U.F.O. It had a series of editorials beginning on Oct. 2nd in which the existing management of the University was criticized as undemocratic and as representative of wealth and reaction; a re-adjustment of the curriculum and of the Staff was urged. In a press interview of Nov. 6 the President pointed out the democratic nature of much of the University's work—in the rural districts by the University Extension Classes, in a Labour connection by the Workers' Educational Association, in other ways by the Social Service Department, which had been working for the past seven or eight years, and had, directly and indirectly, done much towards ameliorating the hardships of the poor and correcting social maladjustments. Similarly, the Faculty of Medicine was doing inestimable service in improving the health of the country. The more important appointments of the year were Dr. Victor J. Harding of McGill as Professor of Chemical Pathology and Prof. J. A. Dale of McGill as Director of the Social Service Department. Sir William R. Meredith was re-elected Chancellor of the University, the Hon. E. C. Drury and T. G. Rayner, Ottawa, were elected representatives of Agriculture on the Senate, and Vincent C. Massey was appointed a member of the Board of Governors.

Queen's University, Kingston, passed through a difficult financial condition in 1920, though in attendance and other respects it maintained a high level. Government grants to the institution, though it was not in any sense a Government-controlled University, had been slowly increasing since 1907-08 when the first grant to help maintain a School of Mining was given; this had gradually increased from $51,000 to $127,000 in 1915-16 when grants also were given to its Arts and Medical Faculties as well as that of Education; the total was $137,000 in 1918-19 and in the next year it became $177,000. Queen's deserved all the support it could obtain for its long-time services to Canadian education and culture in the best sense of the term, but there were always those who maintained that Provincial aid should be limited to the Provincial University and this, as well as financial conditions, probably tended to restrict the Government grants.

On general principles there was no doubt of the reasonable nature of Queen's expectations; of the fact that for over half a century it had maintained itself and done a great work through aid from private sources and, especially, from the Presbyterians whom it then specifically represented; of the probability that had Kingston been another Montreal in size and wealth the University would have equalled McGill in its continued receipt of private funds and friendly bequests. In its special relations to Toronto University and the Government Dr. Bruce Taylor, the Principal, maintained at this time that there was ample room in Ontario for the use of all existing facilities for higher education; that centralization in Education was as undesirable as in Government and that Scotland had proved the truth of this axiom; that Provincial grants to Queen's increased the area, the value, the distribution of Educational facilities without in any way injuring Toronto any more than had McMaster or the Western of London; that Queen's gave Eastern Ontario people equality of opportunity with those of Toronto and enabled students of moderate means to get an education which they could not obtain if they had to live amid the expenses and distractions of a great city.

In its Courses of Commerce and Banking and Administration, Queen's had wielded great influence and in scientific research she did excellent work in many lines and, especially, in training research students. Her war activities, like those of Toronto and other Universities, were numerous and important. Principal R. Bruce Taylor, in his report for 1920-21, showed a registration of students at the beginning of that term totalling 2,258 of whom 674 were in Arts (Intra-Mural) and 578 in Arts (Extra-Mural), 396 in Science, 240 in Medicine and 380 in Banking, with a few of these registered in two Faculties. The heads of the various Faculties reported progress or specified needs in special statements. Prof. O. D. Skelton, for Arts, urged more class-room accommodation, the appointment of a Director of Extension Work, more systematic organization of reading courses, improvement of tuition material and the obvious need of increased salaries; Prof. A. L. Clark, for Applied Science, dealt with the new Matriculation standards, the loss caused by the death of Prof. J. C. Gwillem, the organization of a year's Course in economics and business for engineering graduates and a class in Metallurgy for undergraduates; Dr. W. T. McClement, for the Medical Faculty, dealt with the Summer School and its attendance of 231, compared with 117 in 1918, and the fact of 70 per cent. taking one or more Science courses.

There were 212 Women students registered and Extramural instruction, in which Queen's was a pioneer of 40 years' standing, showed a registration of 355 for summer and 557 for winter. In the Banking Course 538 diplomas had been awarded in the past six years; in the Library 1,838 books had been purchased during the year with 3,878 donations. The financial statement for the year beginning April 1st, 1920, showed an income of $424,392 and expenditures of $446,377, Assets of $2,526,364 and liabilities of $2,600,648. During 1920 the Faculty of

Education was absorbed in the new Ontario College of Education at Toronto after a strong fight against the policy led by Prof. H. T. J. Coleman who, later on, joined the staff of the University of British Columbia. Dr. Bruce Taylor concluded his Report with hopeful words:

> Since the close of the War the endowment has been doubled; nearly $1,000,000 is in sight for the rebuilding of the Hospital; the Government grant has greatly increased; and, what is far more important, the relationship to the Government has been placed upon a more permanent and satisfactory basis. It is confidently affirmed that the reputation of the University in the world of learning is not being lessened. The Trustees have reason to be proud of the Institution and of the spirit which pervades it.

Incidents of the year included a new scale of fees in the Faculties of Arts and Science; the graduation, on June 5, of 55 students in Medicine from Queen's Medical Faculty; the active part taken by Sir John Willison as member of the Board of Trustees in pressing the claims of Queen's upon the Government at Toronto; the final arrangement, stated by Hon. Mr. Grant to the press on May 16, under which the Kingston University was to receive $400,000 from the Province for its Medical Faculty and that of Education be discontinued. To the proposed Students' Building, in commemoration of 179 students who fell in the War, $30,000 was subscribed and the balance of $320,000, required, put in the hands of the Alumni Association for collection.

The chief appointments of the year were Dr. James Miller of Edinburgh as Professor of Pathology and Dr. L. J. Austin of the London Hospital as Professor of Clinical Surgery; R. O. Jolliffe, M.A., PH.D., of the University of Manitoba, took the Chair of Latin and Prof. W. E. McNeill, M.A., PH.D., succeeded the late G. Y. Chown as Registrar and Treasurer of the University; Stanley N. Graham became Professor of Mining Engineering and D. M. Jemmett, D.C.M., M.A., B.SC., Head of the Department of Electrical Engineering; Dr. W. T. McConnell took the Chair of Clinical Medicine and Dr. G. B. Reed of Bacteriology. The Hon. degrees of the year included an LL.D. to Seager Wheeler, of Rosthern, whose work in the scientific and practical development of Western wheat-growing had made him famous and to Rev. Prof. E. F. Scott, D.D., of New York Union Theological Seminary and James Brebner, Registrar of Toronto University. The Degree of Hon. D.D. was granted Rev. Colin Young of Saskatoon and Rev. Thomas Eakin, Toronto.

Western University, London, made marked progress in 1920 and obtained distinct recognition from the Government as an important element in Western Ontario education. It was originally established in 1878 at the suggestion of the Council and Alumni of Huron College, a Divinity school at London. In

October, 1881, the University had opened its classes in the Hellmuth Boys' College which was purchased for the use of the combined institutions. In June following a Medical Faculty was formed and entered into affiliation with the University. For three years the prospects were encouraging but, for ensuing financial reasons, the University was compelled to close its doors for ten years. During this time the Medical Faculty remained in active and successful operation. However, the authorities of Huron College found it impossible to maintain their Divinity school without an Arts Department so a new affiliation was entered into in 1895 which established the Senate and revived the Arts Department. For 13 years the University struggled for existence until in 1908 a new Charter made the institution undenominational and gave the City of London the right to make an annual grant toward maintenance account.

From that time on the University prospered under the control of a Board of Governors appointed, jointly, by the City and the Province. In 1914 the Ontario Government first recognized the claims of the Western to a measure of Provincial support by making it an annual grant of $10,000 which was increased from time to time. With these added resources the University was able to make great improvements in its general equipment and to increase the number of its Faculty to meet the increasing registration. Three Colleges were, in 1920, affiliated with the University and the original relation of Huron College and the institution was reversed with the College affiliated to the University. In 1919 two Catholic Colleges had entered into affiliation—Assumption College at Sandwich, Ontario, and Ursuline College, a girls' school, recently moved from Chatham to London. In July and August, 1918, the first Summer School of the College of Arts was opened with an enrollment of 16, which in 1920 was 35. The Medical Department, organized in 1882, was housed in a building which had outgrown its usefulness and a new one had been erected at a cost of $400,000 and completed in 1920. It was thoroughly equipped with modern laboratories and equipment adequate for some time to come.

The Institute of Public Health, established in 1912, was maintained by the Provincial Government but under the control of the Board of Governors of the University. It was carried on as an aid to medical education, for laboratory analysis, and for the development and teaching of Public Health and for research on Public Health lines. It was, when established, the first institution of its kind in North America and, in a teaching capacity as the Faculty of Public Health of Western University, it was the first in Canada. Courses in Chemistry, Pathology, Bacteriology and Public Health were by 1920 included. Features of the institution at this time were the active work of the Library Board and its Chairman, Dr. C. C. Waller, and the increasing scope and excellence of its Library—to which, in 1918, had come the gift of the Barnett Library with 50,000 volumes which included a special collection of Canadina; the arrangements in 1920 for a vigorous Building Campaign fund to utilize the new Arts Campus of 230 acres and to house the Arts Faculty as adequately as were those of Medicine and Public Health; the local work of the Extension Committee and delivery of a series of lectures in London and vicinity on current topics.

In the year 1919-20 the Provincial grant to Western University was $84,000 as against $10,000 in 1910-11, and for the next Academic year the amount was $79,000 with $55,000 from the City of London; its Arts, Medical and Public Health Faculties were in full operation with many Professors and Instructors and 534 registered students or an increase of 66 per cent.; at the Convocation of May 28, 1920, diplomas were presented by Hon. Dr. W. J. Roche, Chancellor of the University, to 34 graduates in Arts and Medicine. On June 8 the Council of Middlesex County granted $100,000 toward the proposed new Arts Building; the chief officials of the institution in this year, following the retirement of the President, were Major A. T. Little, Chairman of the Board of Governors; W. Sherwood Fox, M.A., PH.D., Dean of the Faculty of Arts; P. S. McKibben, PH.D., Dean of Medical Faculty; H. W. Hill, M.D., D.P.H., Dean of Public Health Faculty. Lieut.-Col. W. J. Brown was appointed during the year as Executive Secretary of the University and Treasurer.

The University at this time was said to serve a community of 766,000 persons in Western Ontario's 14 counties—in which area there were about 12,000 students attending secondary schools. This view was strongly presented to the University Commission on Dec. 8 by an influential deputation which asked for a Government grant of $100,000 a year and a special Building grant of $1,000,000. It was frankly admitted that Toronto, in post-graduate work and research, could have no competition from the Western and that the co-ordination of educational work along medical, engineering, mining and lines of pure science could best be accomplished by making Toronto the centre. In Arts, however, proofs were produced that the London institution was a necessity for Western Ontario, and that its work in the past had borne excellent results. As to the affiliated Huron College it shared, as an Anglican Divinity school, in the Forward Movement Fund with a grant of $25,000, or rather the interest thereon; its students in 1920 numbered 19 and the Rev. Dr. C. Cameron Waller was Principal. Assumption College had been affiliated with the Western as a result of the policy of Bishop M. F. Fallon, who believed in the importance of securing for Catholic education a recognized State standing; as the annual Report intimated, its students were thus enabled to obtain a University degree while "enjoying all the safeguards and other advantages of Catholic education." Its registered students for the Session beginning in 1920 numbered 440.

Ontario Educational Incidents.

Mch. 2. A letter of this date from President Sir Robert Falconer appearing in *Varsity*, the student organ of the University of Toronto, closed an incident which had caused considerable local comment, severe criticisms by the Toronto *Telegram* and various letters and press comments—an invitation to Jane Addams of Chicago, the noted American Pacifist, to address the students of the Social Service Department: "The War is over and we are engaged on social reconstruction. It is a problem of extreme urgency and we are seeking to train students who will be equipped as well as possible to undertake some phases of this work. On one of these phases Miss Addams is perhaps the greatest authority on this continent. In Canada we have very few with any experience. Is it not deplorable that students should not be allowed the opportunity of hearing this remarkable woman because there was such a probability of disturbance if she came that her visit might be unpleasant, and therefore the Director of the Social Service Department judged it expedient to cancel the engagement."

Mch. 22. The resignation of the Rev. F .H. Wallace, M.A., D.D., for 20 years Dean of the Faculty of Theology in Victoria University—affiliated with the University of Toronto—was announced and, a little later, Prof. J. F. McLaughlin, B.A., B.D., was appointed to succeed him; it may be added that the registered students of Victoria for 1919-20 numbered 575, that the Assets of the University on July 31st were $2,175,972 and the Liabilities $1,080,319 with an income for the year of $149,700 and a surplus of $2,026.

April 5. Upon this and several following days, the Ontario Educational Association held its 59th Annual Convention in Toronto with about 1,000 delegates present representative of the teaching profession of the Province. James Davidson, Principal of the Guelph Collegiate Institute, was elected President in succession to W. F. Moore, Dundas. In the general Association important addresses were given by Brig.-Gen. C. H. Mitchell and the Hon. H. J. Cody; in the various Sections a multitude of excellent speeches—and a few that were not so good—were delivered and included Dr. S. B. Sinclair on Consolidated Schools and Rev. D. Bruce Macdonald on "The Fighting Spirit"; Dr. F. W. Merchant opposed mixed sex education. Dr. J. H. Putnam of Ottawa urged higher Pensions and reported $1,400,000 on hand in the Superannuation Fund of which $738,000 was paid in by teachers—with 238 teachers on the Pension List. Initial steps were taken in organizing an Ontario Teachers' Federation, with Martin Kerr as President.

April 30. Trinity University, in affiliation with the University of Toronto, held its annual Convocation and conferred the Hon. degree of D.D. upon the Rev. H. H. Bedford-Jones, M.A., recently appointed Principal of the University of Bishop's College with 10 other degrees given in course; the registered students at this time numbered 166.

May 10. The annual Convocation of McMaster University showed 216 registered students in Arts, 31 in Theology and 41 in graduate courses for M.A. and B.D. degrees; the Hon. degree of D.D. was conferred on the Rev. George Barton Cutten, Principal Acadia University, and of LL.D. upon Neil S. McKechnie of Woodstock College and Thomas Cowper Boville, C.M.G., Deputy Minister of Finance, Ottawa.

May 13. A cablegram from Rome to Archbishop Spratt of Kingston stated that His Holiness the Pope, after receiving an account from the Archbishop of the building up of Regiopolis College had made a present of 100,000 lire—about $20,000—to the funds of that institution.

June 30. According to a financial statement of the Toronto Board of Education the City spent on the maintenance and operation of schools during 1919, $4,778,261; the value of the school buildings and other assets of the Board was $15,465,627 and the net Debt at the end of 1919 was $12,465,627; the cost of education per pupil in the Public Schools for 1919 was $58.55 or an increase of $8.08 over that of 1918.

Aug. 27. The Convention of the University Women in Canada held at Toronto decided to establish a Federation Scholarship of $1,000, to go to a selected candidate for the study of Research work in a British University. Mrs. R. F. McWilliams of Winnipeg was re-elected President of the Association.

Oct. 15. At the Prize Day Exercises of Upper Canada College Principal W. L. Grant, M.A., declared that the present Ontario system of education suffered from an artificial simplicity due to false conceptions of the word democracy: "It is really absurd that more freedom in matters of curriculum is not given to local bodies; it is absurd that the child of the farm, the child of the city, of the industrial centre and of the mining community should be taught the same things, the same way and by the same type of teacher. The part the residential schools play in differentiating this unfortunate uniformity is worthy of public attention." This 90th year of an historic institution was said to have been marked by distinct progress; E. S. Davis won the gold medal.

Oct. 15. Mayor T. L. Church, in a Toronto *Telegram* interview, urged an Educational Survey of the City and stated that: "There is a registered attendance of approximately 70,000 pupils in the city, while the average daily attendance is only between 50,000 and 60,000. If full use were made of the accommodation available there would be plenty of seats for all without the use of portables. Although population has only increased 6 per cent. in 5 years, the cost of education increased 91 per cent. or from $3,346,135 to $6,382,914, and the cost *per capita* in the same period increased from $7.12 in 1915 to $12.78 in 1920."

Nov. 4. Thomas Bengough was appointed by the Toronto Board of Education as Director of Vocational Guidance and Opportunity Work at a salary of $3,000 per annum.

Dec. 1. The current issue of *The Canadian Journal of Medicine*, Toronto, voiced a wide-spread feeling of appreciation for the services of Irving Heward Cameron, M.B., LL.D., who had recently resigned the Chair of Surgery and Clinical Surgery at the University of Toronto after 30 years' service: "Mr. Cameron has been a shining light in our profession. Dignified and courteous, cultured and kindly, he exemplifies the highest traditional characteristics of the former leaders of our profession."

Dec. 5. Bishop M. F. Fallon of London was presented at the Roman Catholic Cathedral with a purse of $2,500 from the people. He announced that he would make no personal use of the gift, but would devote the money to the advancement of Education.

Dec. 31. The Ontario College of Art was incorporated in 1912 and took the place of Ontario School of Art founded in 1876; following this, its progress had been rapid with such well-known artists as G. A. Reid, R.C.A., J. W. Beatty, R.C.A., and C. M. Manly, A.R.C.A., in charge of departments; others equally distinguished in their varied lines had charge of lectures and specific elements of instruction. The students of 1920 numbered 475 with a total of about 3,000 trained since 1912. Mr. Reid was Principal and the Chairman of Council was Prof. C. T. Currelly with G. A. Howell Vice-Chairman and James P. Murray Hon. Treasurer.

Prohibition in Ontario during 1920: The Sprecklin Incident

One of the vital problems affecting this Province in 1920 was the enforcement of the Ontario Temperance Act. Early in the year friction occurred between the Provincial Referendum Committee—originally formed to promote Provincial Prohibition and latterly turned to the purpose of promoting a Legislative request to Ottawa for a Plebiscite on the importation of intoxicants—and the Ontario Branch of the Dominion Alliance. The Rev. Ben H. Spence, Secretary of the Alliance, had secured from John S. Ewart, K.C., of Ottawa, a legal opinion to the effect that the existing Federal legislation as to importation was faulty and could not prevent "short circuiting," or the direct delivery of liquor from stocks within the Province to any person who ordered that liquor through an extra-Provincial agent or wholesaler; furthermore, Mr. Ewart doubted if the phrase "a Province in which there is at the present time a law in force prohibiting the sale of intoxicating liquor for beverage purposes," which appeared in the Federal Act, could have legal reference to Ontario.

The fact that native wines were excluded from the Provincial law constituted the legislation, in his opinion, only a partial prohibition; at the same time, Mr. Ewart declared that the Province had the power to restrict the amount of liquor that could be possessed by any private citizen. The Alliance therefore represented to the public that restriction of importation, under the circumstances, was a doubtful remedy and suggested that the Ontario Temperance Act should be made more drastic. The Secretary of the Referendum Committee, Rev. Dr. A. S. Grant, announced on Feb. 3rd that his Committee had determined to ask the Legislature to approach the Federal authorities with a view to taking a Referendum at the earliest possible moment; he could not understand how any Temperance organization could oppose such a course and intimated that the Ontario Alliance was not compelled to remain in association with the Committee.

The Alliance on Feb. 19 requested the Provincial Government to enact two amendments to the O.T.A.: (1) that the Government, through the Board of License Commissioners, should absolutely control all sales and distribution of liquor in the Province, and (2) that the Board should provide adequate facilities for a sufficient supply of all liquor needed for sacramental, medicinal, and industrial purposes. The Premier and the Attorney-General, Hon. W. E. Raney, gave a general answer. Mr. Raney, however, wrote on Mch. 2nd to Mr. Spence in specific reply to these proposals and said: "In my view they amount in law to a proposed interference by the Provincial Legislature with importations of liquor into Ontario—in other words, to an interference with *bona-fide* transactions in liquor between a person in the Province of Ontario and a person in another Province or in a foreign country. The legislation you suggest would, I think, be clearly inconsistent with the Act as it stands." At the Convention of the Ontario Alliance in Toronto on Mch. 9, some vehement speeches were made: Capt. the Rev. Sidney Lambert, for instance, said that he would rather Germany had won the War than to see liquor-dealers rule and damn the young men of Canada. Another deputation waited upon the Government—after a long conference with the Referendum Committee in which no agreement was arrived at—and urged amendments which would make the Act effective without a Referendum on importation. Mr. Premier Drury replied by saying that: "There is a difference of opinion among the Temperance forces. It is the desire of the Government to make the law effective and to enforce it so that there will be no reaction." Action was promised.

On Mch. 31 the Alliance issued a statement, signed by C. E. Steele, President, and Mr. Spence, urging the removal from the Act of the native wines' exemption on the ground that its retention would be a serious handicap to the Temperance forces and might involve prolonged, tedious and expensive litigation and, in any case, was contrary to the expressed will of the people of Ontario in the Referendum of 1919. They again presented these considerations to the Government and urged repeal of Section 44 of the O.T.A., which permitted the sale of native wines; the request was denied, and Mr. Spence hinted that the Government's action was the result of "influential representations" made, presumably, by members of the Referendum Committee. Both the Committee and the Ministers issued a prompt denial and, at a meeting of Prohibition leaders in both camps, Dr. Grant and Mr. Spence had an altercation which resulted in Dr. Grant temporarily resigning his office. On April 12 Mr. Spence declared that the reports of serious dissension had been exaggerated, and that the Alliance and Committee would work together in the electoral campaign.

The breach was healed, no doubt, because of the introduction in the Legislature by F. G. Sandy of a measure providing that the License Board should control the transportation, carriage and delivery of liquor within the Province; that all contraband liquor could be seized wherever found; that the Act should not come into force until after importation had been ended by Order of the Governor-General-in-Council—following a Provincial referendum. A Resolution asking the Federal Government for a Referendum on importation was moved by H. McCreary of North Lanark. The fact that both these proposals were sponsored by private members, rather than by the Government, caused some criticism, mainly of a political nature. Mr. Drury declared that the object was to obtain a full and free expression of opinion without binding any member of the House to support or to oppose the proposals because of Party reasons.

On April 27 the McCreary Resolution was passed by a vote of 85 to 12 after two amendments had been rejected.

The Liberal amendment, proposed by R. L. Brackin, urged that a stated case as to the legal powers of the Province in the premises should first be heard by the Appellate Court of Ontario but was defeated by 75 to 22. The Conservative one was moved by H. P. Hill and declared that the Government should assume responsibility: "This House recognizes Ministerial responsibility as a bulwark of British institutions, and declares its adherence to the principle of responsible government, and, in accordance therewith, believes that the Government should assume full responsibility for action within the limits of Provincial jurisdiction." It was rejected by 82 to 12 votes. The debate upon these various points lasted several days beginning April 21 and was ably conducted.*

Mr. Premier Drury pointed out that Inter-Provincial trade lay within the control of the Dominion and any attempt by the Province in that direction would lead to disputes and possibly "dangerous litigation." The Government had not made the matter a Government measure because they wanted an honest and not a political decision. Individual responsibility in the Legislature and in the electorate must be cultivated. Upon the proposal raised in certain Prohibition quarters that possession of liquor should be made unlawful, he was explicit: "That the Province could undertake to forbid possession of liquor involves the transgression by the Government of private rights that every Englishman, every British subject, holds very dear. I will set my face strongly against any legislation that would involve search of homes and spying upon the people and encourage a system of informers." The speech of Hon. W. E. Raney, Attorney-General, was lengthy, legal and elaborate. He criticized the proposal to test validity of the proposed legislation and Referendum in the Courts by describing the prolonged delays involved and urging that the policy be first put into effect and the Courts consulted afterwards—if necessary.

He opposed Mr. Hill's Resolution on the ground that if it meant anything it meant the Government assuming the responsibility for immediate legislation prohibiting the importation of liquor which, clearly, was illegal; he admitted that "when we got rid of the bar-room we got rid of three-quarters of the trouble." As to the question of the Federal non-importation and Referendum Act applying to Ontario if desired, Mr. Raney argued at length that it did and quoted Hon. N. W. Rowell as to the Government's intention and also the opinion of the Minister of Justice; a legal opinion from Eugene Lafleur, K.C., the eminent Quebec Counsel, was quoted to the effect that Parliament intended the statute to apply not merely to Provinces in

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*Note:—Verbatim reports of the speeches appeared in *The Pioneer*, Toronto, of Apl. 30, and some later dates.

which total and unrestricted prohibition existed but also to Provinces in which what was generally considered to be prohibitory legislation was in force; Dr. J. Murray Clark, K.C., and John A. Patterson, K.C., were quoted to similar effect.

The view expressed by H. H. Dewart, K.C., Liberal leader was quite different. He outlined the long-continued efforts of the Liberal party along Prohibitory lines; claimed that the Dominion Government in this matter had transferred to the Provinces a liability and responsibility that it should never have shifted from its shoulders; declared that in this respect men like Sir George Foster and Hon. N. W. Rowell, after their professions of temperance through the length and breadth of the Dominion of Canada, had failed to rise to the measure of their responsibility; endorsed the opinion of those who contended that the Federal Referendum law could not apply to Ontario because the Province of Ontario was not a Province "in which there is a law prohibiting the sale of liquor for beverage purposes." A little later, (May 28) Mr. Dewart criticized the License Commission for failure to enforce the O.T.A. and moved a reduction in the vote of $250,000 but lost on division. The Government's proposed amendments to the Act passed in due course and by them the Board of License Commissioners was given authority to refuse a supply of liquor to any medical practitioner "for any cause which the Board may think sufficient." The scale of penalties for breach of the Act was revised, making the minimum fine $100 and the maximum $2,000.

Following its other legislation, the Provincial Government on May 27 had named a Committee to investigate the Ontario Temperance Act composed of 9 U.F.O., 6 Liberals, 5 Conservatives and 2 Labourites. There was no doubt as to the difficulties and failures in enforcing the Act. J. D. Flavelle, Chairman of the Board of License Commissioners, stated before the Public Accounts Committee of the Legislature on April 1st that 80 or 90 per cent. of the prescriptions issued for quarts of liquor in the Province were unnecessary for medicinal purposes; that the great majority of physicians were obeying the law, but about 10 per cent paid no attention to it; that one physician gave 2,005 prescriptions in a month and received $3.00 each from outsiders and $2.00 from city residents while another gave 487 prescriptions in one day. He added that 40 physicians had been successfully prosecuted. On June 11 there was issued a statement of revenue accruing to the Province for 7 months from fines and sales of confiscated liquors. The amount was $254,043 or an increase over the same period in 1919 of $108,181.

Many conflicting statements, also, were made in the press and on the platform as to the effect of Prohibition on the gaol population. In the 1920 Report of the License Board the records of 46 gaols and 8 lock-ups showed that commitments for drunkenness in 1920 were 4,511 as compared with 3,415 in 1919. 2,595 in 1918, and 8,848 in 1914; the lowest level had been reached in 1897 with 1,596. For the year ending April 30, 1920, there were 2,763 convictions for breach of the O.T.A.; the fines collected by the Province were $273,647 and the fines payable to the municipalities, where special officers had been appointed, were $573,676; the net profits of the Government dispensaries selling liquor on physicians' prescriptions were $860,017; the total sales of whiskey at 7 dispensaries amounted to 12,136 gallons.

Meanwhile, it had been expected by the Prohibitionist forces that the date for taking the Referendum would be Oct. 25 when four other Provinces would be voting, but on July 30 announcement was made in Ottawa that there would be a postponement until April 18, 1921, so as to permit the Ontario voters' list to be revised. Without that revision it was stated that 26,000 soldiers would be disfranchised and that the Government had been urged to have such a revision by the Citizens' Liberty League, the Ontario Alliance, and the Great War Veterans' Association. The Referendum Committee protested against the decision and sent a deputation to Ottawa with which the Ontario Alliance joined—Mr. Spence stating that he and the Alliance had changed their views. Mr. Premier Meighen received the deputation on Aug. 7 but declined to alter the decision. Before the O.T.A. Committee on Oct. 19 Rev. B. H. Spence, for the Ontario Alliance, declared that the Act was faulty and favoured restricting the quantity of liquor which doctors could prescribe to 6 or 8 ounces, lowering the spirit-content of beer from 2½ to ½ per cent., abolishing the manufacture and sale of native wines, and administering the O.T.A. by ordinary process of law instead of by Commission. As to native wines, it may be stated that the total capital investment (1919) in the industry for all Canada was only $1,410,017 and the value of the product $1,460,573—this product including grape juice, unfermented wine and fountain syrups.

During these months there had, of course, been criticism by the public of the O.T.A. and of Prohibition and of its extreme advocates; but it was not offered in public and, with a few exceptions, was guarded in terms. Even at a Convention of the Citizens' Liberty League formed to oppose Prohibition, and held at Toronto on Feb. 17, reporters were not admitted and only Lieut.-Col. H. A. C. Machin, ex-M.L.A., the President, expressed his views publicly; he explained that the object of the League was to free the people of the Province from "hypocrisy, deceit, cant and lying," and that it was possible the League would declare itself a political party, with a platform broad enough for "everyone who loved democracy and detested hypocrisy." The Labour Educational Association Convention at

Brantford (May 24) declared, by Resolution, for measures to permit of the free purchase by the workman of "a good palatable beer of sufficient alcoholic strength." But, as a whole, the dominating aggressive influence of the Prohibitionists swept effective opposition aside; Bishop Fallon's description of the O.T.A. as "unwise, ineffective and opposed to the best British traditions," being a very isolated exception.

In the early part of the year the work of bootleggers, or illicit sellers of illicit liquor, steadily increased along the Windsor-Detroit border and the running of liquor into the United States became a profitable and largely patronized occupation. Not a great deal was said about it for some months, however, until, on July 3rd, the Toronto *Telegram* published a special article describing the operations of bands of river-smugglers who were practically defying the authorities of both Ontario and Michigan. Great consignments of liquor were concealed along the Canadian shore in marshes and inlets, in farmers' barns and in out-buildings of various kinds. Signals informed the smugglers when the coast was clear and then motor-boats appeared which transferred the cases across the river. Two fights between smugglers and U.S. officers had occurred—one on May 14 and another on May 19. At this time the Rev. J. O. L. Spracklin, a Methodist minister at Sandwich on the Detroit River, made public charges against the police of that town and the management of the Chappell Hotel, a road-house of some notoriety. On July 19 Mr. Spracklin presented these charges in writing to the Mayor and Council amidst some spectacular scenes, but obtained no action.

On July 10 J. D. Flavelle of the License Board announced that all shipments of liquors to the Border Cities would be seized by Inspectors before delivery to consignees; that already 7,000 cases had been seized at Amherstburg, and 10,000 cases at Windsor. It was stated that four additional Inspectors would be appointed for the district and, on July 27, the Provincial Secretary named Mr. Spracklin as one of these special officers of the License Department for the County of Essex. They were to deal with a situation of some difficulty, since it was estimated that an average of 1,000 cases a day were at this time crossing the river from mysterious hoards and *caches*, with Americans of unsavory reputation coming daily to Windsor and Sandwich in quest of liquor. Spracklin began operations on July 30 by raiding 6 road-houses, making two arrests and engaging in a free-for-all fight in which he showed considerable prowess.

On Oct. 18 the Government provided him with a fast motor launch. Charges of corruption were made against him and some of his employees, notably two men named Hallam, whose usefulness thereupon suddenly declined. No proof was forthcoming in the charges against Spracklin, himself, though the spectacular nature of his methods tended, in the opinion of expert law officers, to defeat their own ends. Bishop Williams, of the Anglican Diocese of London, said on Nov. 4, that in his opinion the efforts of Spracklin had been ill-advised and were unlikely to prove effective. Two days later, on Nov. 6 Spracklin and four other officers raided the Chappell House in the early hours of the morning; in an altercation which ensued, Beverley Trumble, proprietor of the resort, was shot by Spracklin and 25 minutes later was dead; Spracklin proceeded to Windsor, gave himself up to the authorities and, later, was released on bail. An inquest was held on Nov. 8 and the jury's finding was as follows: "Beverley Trumble came to his death from a bullet fired from an automatic pistol by J. O. L. Spracklin, License Inspector, in self-defence."

The case awakened comment in all parts of Canada and in Ontario many Methodist local bodies and the Ontario W.C.T.U. meeting in Toronto, on Nov. 18, passed Resolutions commending Spracklin and his efforts while the relatives and friends of his victim openly charged him with murder. The Rev. Dr. T. Albert Moore, Head of the Methodist Department of Social Service, told *The Globe* on Nov. 9, following a meeting of the Toronto Methodist Conference, that: "Since the unfortunate affair in Sandwich we have sent assurance to Mr. Spracklin of our absolute confidence in his integrity." *The Christian Guardian* commented as follows: "This shooting at Sandwich does not furnish us with a single reason for a new law or regulation that will make less demand upon the lawless citizen, nor for any weakening of the effort to enforce law; its whole lesson is in quite another direction. . . . Every one of us ought to be grateful that the community had in Mr. Spracklin a man of utter courage and devotion, and one who was willing to take his life in his hands every day in order that this might be done."

Another branch of opinion claimed that policemen should not be partisans and that to place a revolver in the hands of a zealot was obviously dangerous. There was a strong feeling that Spracklin should be placed on trial, if only for his own vindication and, accordingly, he was committed for trial, on a charge of manslaughter, at the Windsor Police Court on Dec. 2nd and released on $20,000 bail; his career as a License Inspector was necessarily ended. Following this commitment and on another charge, Mr. Justice Middleton delivered judgment against Spracklin for wrongful entry in searching, on Sept. 17, a private yacht belonging to Oscar E. Fleming, K.C., of Windsor; the damages were fixed at $500.*

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*Note.—These were paid in 1921 by the Provincial Attorney-General on the ground that Spracklin was acting for the Province.

Resources and Development of Ontario in 1920

The situation, climate, resources and progress of the Province in 1920 were all of a kind which statistics illustrate and facts enhance. Its people had their difficulties at this time, they touched the borders of depression, they felt some of the after-pains of the Great War; yet the more closely the Province was studied the more clearly did it stand out as one of the greatly favoured spots of the continent. It was larger than the largest of the Prairie Provinces by 155,430 square miles, it was over three times the size of the British Isles, and almost twice the size of either France or Germany. Agriculturally, it was exceptionally rich, and capable of far greater production. In the peninsula of Southern Ontario the soil could yield a great diversity of the best products—pasture grasses for live stock, all kinds of cereals and a wide range of vegetables, many kinds of fruit including apples, grapes and peaches.

Ontario farms were richly productive in dairy products and the Province furnished fully 50 per cent. of the whole Dominion output of factory-handled dairy products. Its lumber and forest wealth was very great and, with the conservation of the woods from fire and scientific reforestation, its 260,000 square miles of forest area provided an enormous resource. Its timber supplies were amongst the best in the Dominion and the pine forests among the most valuable on the whole continent of America with an area covered by timber license, or other rights, of 40,000 square miles. It had, in 1920, 80 sawmills of large capacity which annually produced immense quantities of pine and other lumber used in a great many different industries and for an immense variety of commercial products with over 800 factories in constant operation for the production of material for building. The Province was, at this time, still the chief manufacturing centre of the Dominion with about half the factories of all Canada—though Quebec was making great strides. It produced at this time almost every kind of manufactured article and had more than 15,000 factories, mines and places of construction in the Province giving employment to 375,000 workmen, with an annual payroll of $285,000,000, a capital invested of over $1,336,000,000 and a yearly output estimated at $1,533,000,000. Taken comparatively, its production stood as follows:

	Ontario	Canada
Value of Farm products	$ 373,000,000	$1,452,000,000
Value of Mineral output	57,000,000	173,000,000
Value of Timber output	50,000,000	172,500,000
Value of Manufactured products	1,533,000,000	3,015,000,000
Total	$2,013,000,000	$4,812,500,000

The industrial position of the Province was illustrated in the above Government estimate—and these figures were less rather than above the reality. In 1918 the Census figures gave a capital investment of $1,508,011,435 and a productive value of $1,809,067,001 with a use of materials valued at $1,008,824,704; in 1920 the value of products was probably $2,000,000,000. Some of the larger industries (Census 1919) were Building and general construction with an invested capital of $22,357,947 and a value of products stated at $42,221,209; Flour milling stated at $39,726,415 and $150,043,329 respectively; Leather and boot and shoe interests with $10,863,924 of capital invested and $18,084,695 of production; Sash, door and planing mills $22,078,969 and $22,307,223 respectively; Plumbing, heating and transmitting $14,502,026 of investment and $24,142,559 of products; Clothing—men's wear—an investment of $16,064,947 and products of $28,524,080; Lumber industry with a total capital of $59,199,886 and a production of $60,565,554; Foundry and Machine shops with an investment of $68,821,443 and products of $51,623,034.

As to invested capital, alone, automobiles stood for $48,801,803, Pulp and paper for $95,281,040, Rubber for $33,005,888, Ship-building $29,911,885, Meat industry $50,232,669, Hosiery and knit goods $26,406,228, Bread, biscuits, confectionery and ice-cream $28,627,503, Woollen and Cotton textiles $32,525,644. The Imports of Ontario in 1920 were $529,310,004 and the Exports $312,568,470. As illustrating the growth of popular conveniences it may be said that the number of telephones in 1919 were 332,272 while the motor-car classification of that year showed 46,997 passenger-cars and 825 trucks owned by farmers. Skilled labour came next with 15,042 passenger cars; business men, 13,837; doctors, 3,157; other professions, 5,119; manufacturers, 4,362.

The Report of the Statistics Branch of the Department of Agriculture gave much information in 1920 as to agricultural conditions at the end of the previous year and showed the values of Live animals on hand as increasing from $225,848,942 in 1912 to $339,607,932 in 1919 and of those slaughtered in the year from $84,982,339 to $149,727,250; the value of farm crops in 1912 was $185,790,341 or $19.40 per acre and in 1919 $397,238,400 or $40.06 per acre. These were Provincial official figures and from the same source it appeared that the 1920 product of fall wheat was above the average of 1882-1920 in quantity and that of spring wheat below the average, that barley, oats, sugar-beets and mixed grains were away above the average and rye, buckwheat, hay and clover, and potatoes considerably above. The horses of the year numbered 704,640, cattle 2,881,827 and swine 1,614,356—in all cases showing a slight decrease; sheep and lambs totalled 1,129,084 or a small increase while poultry numbered 11,005,645—also a decrease. The values of all farm property—land, buildings, implements, live-stock—were in 1919 $1,752,334,789 or an increase since 1915 of $255,000,000.

Provincial wheat production greatly fluctuated in these years and, between 1915 and 1919, according to Dominion statistics it decreased in quantity by 10,000,000 bushels while it rose in value by $12,000,000; similarily, oats decreased by 44,000,000 bushels and increased in value by $24,000,000; mixed grains increased by 6,000,000 bushels and $19,000,000 in value while hay and clover rose by 1,500,000 tons in quantity and $57,000,000 in value, or just double; Potatoes rose 700,000 bushels in quantity and doubled in value or $10,000,000. The following were the figures of chief production for 1920—a total of $375,210,400:

Field Crops	Area: Acres	Yield per Acre Bushels	Total Yield Bushels	Average Price Per Bushel	Total Value
Fall Wheat..........	762,371	24.30	18,492,000	$1.89	$34,890,500
Spring Wheat..........	267,367	16.80	4,480,500	1.81	8,112,600
Oats..........	2,880,053	44.90	129,171,300	0.58	74,670,300
Barley..........	484,328	34.40	16,660,350	0.94	15,653,200
Rye..........	133,090	17.70	2,349,900	1.35	3,176,200
Peas..........	109,187	20.20	2,209,500	2.00	4,419,000
Beans..........	22,744	16.70	380,500	3.10	1,181,100
Buckwheat..........	143,204	22.30	3,190,500	1.07	3,409,800
Mixed Grains..........	581,689	44.20	25,712,400	0.81	20,709,000
Corn (Husking)..........	243,909	53.00	12,914,800	1.11	14,335,400
Potatoes..........	157,509	152.10	23,961,700	0.97	23,131,200
Turnips, etc..........	119,744	493.00	57,989,800	0.28	16,518,000
		tons	tons	per ton	
Hay and Clover..........	3,533,740	1.26	4,459,000	24.30	108,356,000
Alfalfa..........	162,820	2.45	399,580	23.49	9,384,400
Fodder Corn..........	449,176	10.39	4,668,050	6.85	31,976,000
Sugar Beets..........	36,288	11.37	412,400	12.80	5,278,700

In minerals the value of Ontario's product in 1920 was $68,456,781 compared with $58,883,916 in 1919. The production of gold was $10,597,572 from Porcupine and over a million in small amounts from other quarters; the chief producing Companies were the Dome Mines Co., Ltd., $2,005,640, the Hollinger Consolidated Gold Mines, Ltd., $6,164,264, the McIntyre-Porcupine Mines, Ltd., $2,202,100 and three Kirkland Mines $1,033,477. The silver product of the year was $10,687,687 and this made a total Cobalt production since 1904 of $192,719,032; the chief producing mines were the Nipissing 3,390,537 ounces, the Mining Corporation of Canada, 1,806,274 ounces and the O'Brien, 1,179,706 ounces—the Coniagas, McKinley-Darragh-Savage, Kerr Lake, La Rose, Miller, Lake-O'Brien and Temiskaming running down from 990,000 to 298,000 ounces. The dividends paid by the Hollinger in 1920 were $2,214,000 while the total of all gold dividends in the Camp were $3,256,928; the sum paid by Hollinger to date was $13,369,000 and by all the gold mines $18,802,166. Of the Silver mines Coniagas paid $1,100,000 in 1920 and $10,740,000 altogether; Nipissing paid $1,835,000 in 1920 and a total to date of $23,118,297; Kerr Lake had paid to date $8,865,000 in dividends, McKinley $5,955,392 and Mining Corporation $5,499,868; the total of all Silver dividends from Cobalt was $82,403,185. The Mineral production of the Province in 1920 was 68,506,831,* as follows:

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*Note.—Official Statistics give Non-metallic total for 1920 as $22,227,954 and the grand total as $68,456,778, but there appears to have been a mistake in the additions.

Metallic	1920	Non-Metallic	1920
Gold	$11,665,735	Arsenic	$ 431,527
Silver	10,819,678	Clay products	4,343,475
Copper	1,041,994	Cement, Portland	4,377,814
Nickel, metallic	3,852,141	Iron Pyrites	618,283
Nickel, oxide	1,151,490	Lime	1,532,627
Cobalt	1,605,365	Natural gas	3,450,000
Copper in matte	2,928,750	Petroleum	724,145
Nickel do	10,685,500	Salt	1,544,867
Iron, pig	2,204,205	Sand and gravel	1,300,000
Sundries	273,969	Stone	2,074,944
		Sundries	1,880,322
Total metallic	$46,228,827	Total non-metallic	22,278,004

The miscellaneous product included platinum, nickel, sulphate, lead, pig-iron and iron ore amongst the Metallic, and corundum, feldspar, fluorspar, graphite, gypsum, mica, peat, talc, amongst the non-Metallic. Mineral incidents of the year included the beginning of smelting and refining operations by the British America Nickel Corporation with the opening of its new smelter at Nickelton; the production of 5,496 tons of spiegeleison by the Algoma Steel Corporation; a Report presented to the Ontario Mining Association at Sudbury on Aug. 18 which showed that the Mining industry in Northern Ontario had over 10,000 miners employed with over 200,000 shareholders interested in the mines, $160,000,000 of capital stock invested in the industry and a gross production in 1919 of over $33,000,000 with gross disbursements of $23,000,000; the 1920 statements as to Hollinger mine which showed an output to date of 4,000,000 tons of ore with a value of $37,000,000 and ore reserves of 4,388,940 tons with an estimated value of $39,894,770; Coniagas reported profits of $512,380 for 1920 and assets of $6,562,837 with dividends and bonuses of 12½ per cent. and the acquisition of a 35-acre area just to the north of their property from the Tretheway-Silver-Cobalt Mine, Ltd., for $100,000, including buildings and equipment.

During the year the Porcupine-Crown and the Thompson-Kust Companies amalgamated their properties; the Murray-Mogridge Mines, Ltd., established themselves in preliminary operations of importance within 9 miles of the Kirkland district; the Beaver Consolidated reached, in April, a position of rather unexpected success in its financing of certain projects; the McIntyre-Porcupine had profits of $1,280,232 with three dividends of 5 per cent. each; the newly-organized Ontario Mining Association elected A. D. Miles of the International Nickel as President and B. Neilly, Secretary; Assosiated Goldfields with considerable cash resources—$737,580 on Mch. 31, 1920—carried on large operations in the Larder Lake region and the Davidson Company reported large development work with excellent milling-ore bodies opened up and reserves substantially added to.

The announced location of ore in the Hollinger mine at a depth of 2,400 feet of diamond-drilling caused *The Globe* of Aug. 25 to say editorially:

> There must be other Hollingers and Dome mines in the North. It is incredible that the gold deposits in that wonderfully mineralized area which has already given us the largest nickel beds ever discovered and the remarkable silver output of Cobalt, should be concentrated under a few square miles of the surface. Gold is found over a wide area, and within that area there are doubtless other Hollingers, the treasure vaults of which will yield their riches to patient and scientific processes of mining.

In this general connection an important meeting took place on Jan. 21-22 when the Northern Ontario Development Convention was held at North Bay with 250 delegates in attendance and Mayor John Ferguson in the chair. There was great enthusiasm for the North country and Resolutions were passed asking for a Federal bounty of 50 cents a ton on iron-ore; continuation of the Ontario Housing Act; a northern institution for the care of insane indigents and help for Children's Shelters; cancellation of licenses for fishing in Northern Ontario lakes and permission for the settlers to fish in them. The Convention also endorsed changes in the law respecting prospectors, a request for free patents to mining claims held by veterans and a proposal for district Good Road Associations. It decided to ask the Ontario Government to establish a publicity department to keep the facts of Northern Ontario before the people of the south and the United States; it endorsed a proposed trunk road from Toronto to the Sault and from Ottawa to North Bay; it condemned discrimination against the North in representation and asked for a redistribution of seats.

Another motion supported the Georgian Bay Canal project so as to develop the French River and requested Hydro Commission action in the water power development of the North together with the appointment of a New Ontario representative on the Board. The Hon. Mr. Bowman and Hon. Harry Mills, Minister of Mines, were present and spoke on the 22nd when the former stated that: "Many of your Resolutions are directed along lines we were already contemplating and expect to carry out; many, of your requests cannot be carried out, but we are endeavouring to do the best we can." Mr. Mills pointed out that the combined requests submitted entailed an expenditure of $200,000,000: "I am sure you don't expect to get all that." A Northern Ontario Association was formed with J. S. Henry of Sudbury as President and the following definition of what constituted New or Northern Ontario: Timiskaming, Nipissing, Parry Sound, Thunder Bay, Algoma, Sudbury, and Muskoka with Manitoulin and St. Joseph's Islands.

It was a most enthusiastic gathering and the Toronto *Globe* described the supreme confidence of the delegates: "They discuss islands of ore in James Bay to be developed when power and electric smelting come North; they talk of gold-bearing quartz in barely penetrated regions, of oil at James Bay, of hard coal reefs in hidden creek beds, of a 450-foot waterfall which pales Niagara, hitherto viewed by only two white men—and even of dolphins, newly discovered in fresh water off Moose Factory." In July, it may be added, the Minister of Mines announced that he would open winter courses at various places in Northern Ontario for prospectors. Mr. Mills believed that these courses would help in locating the wealth of the North and give every prospector an idea of the mineral formation of any district regardless of what it already produced. In November the Department threw open for re-staking a number of claims, including such important ones as the Teck-Hughes, Hudson-Bay-Kirkland, Lang-Caswell and others, because the tax of five cents an acre provided by the Mines Act had not been paid. This meant the cancellation of titles granted by the Crown in the case of patented claims and, in the case of three companies, the Department relented and withdrew the property.

The United Farm Women of Ontario. The 2nd Annual Convention was held at Toronto on Dec. 14 with Mrs. G. A. Brodie in the chair. The annual report read by the Secretary, Mrs. H. L. Laws, showed that the number of Clubs had increased during 1920 from 53 to 114 with a considerable increase in membership. Mrs. Laws stated that she had addressed at least 200 meetings since May 1st and travelled upwards of 6,000 miles in the Province. A discussion took place as to a possible union of U. F. W. A. and the Women's Institutes. Various speakers, however, claimed that the strongest opponents of their Clubs were found to be in the Institutes while others of the delegates clearly favoured a "broadening out" policy which would admit persons other than farm women to the organization.

It was ultimately decided not to entertain, at present, any project for amalgamation and to leave the option of admitting women, other than farm women, to local clubs. It was stated by Mrs. Brodie that the Provincial Government had repeatedly offered the U. F. W. O. the same monetary assistance as they gave the Institutes but this had been refused. "We do not want to be in a position where the Government can dictate to us. We want to maintain our independence and, if necessary, dictate to the Government." A motion was adopted calling for the establishment in each county of a Women's Day, either in June or July, with ceremonies of a worthy and patriotic nature conducted under the auspices of the U. F. W. O. Officers were elected as follows: Mrs. J. Alexander Wallace, Simcoe, President; Mrs. J. A. Amos, Woodstock, Vice-President, and Mrs. H. L. Laws, Cayuga, Secretary.

QUEBEC

AND

THE MARITIME PROVINCES

Last Days of the Gouin Government; Hon. L. A. Taschereau New Prime Minister.

After 15 years of cautious yet progressive administration, of complete political domination over the people of Quebec, the Government of Sir Lomer Gouin came to an end. Personally popular, with apparently no enemies or so few that they were negligible, with a temperament that was cool, calm and calculating and appealing to the head rather than to the heart, with qualities as a public man absolutely the antipodes of those which made Mercier, Chapleau, Laurier, the idols of his race, Sir Lomer had acquired and held a control of the Province which seemed to grow ever stronger as the years passed on.

His reputation for integrity and enterprise was based upon a business-like administration, the change of financial conditions from an era of deficits when he took office in 1905 to one of surpluses, a continued expansion in credit, in expenditures upon and development of Education, in better roads, improved agricultural conditions, expanding industries. He was never extreme in views or policy; he knew the *habitant*, was born and bred in his midst, and had won his trust; he gave the cities a business administration and held their support; he stood for his race yet somehow advanced national unity, he was not a vehement Churchman yet he never antagonized the Church or lost its support. The Quebec of 1905 which was sometimes called backward, and of 1920 which was a synonym for progress were two very different things. Yet they both supported Sir Lomer Gouin.

The first incident of the year was a Labour difficulty in Montreal in the form of a strike amongst the waterworks employees and on Jan. 21 Sir Lomer Gouin announced the appointment of a Royal Commission of Enquiry: Aimé Geoffrion, K.C., (Chairman), J. T. Foster and Joseph Gauthier (Labour), Grant Hall, C.P.R., and Joseph Quintal, President le Chambre de Commerce. The Report presented on Jan. 29 was a *resumé* of the evidence and made no recommendations. In connection with the general Labour situation a Delegation representing 35,000 workers in the National Catholic Unions of the Province presented to the Government on Jan. 12 a statement of their views on various subjects. They wanted greater protection for women and child labour; they objected to Sunday work done by barbers and hair-dressers and, in some places, by labourers contrary to the law; they urged observance of the laws by stationary engineers, and prevention of those who had no diplomas from working for less wages; they did not desire uniformity of school books or compulsory educational laws, but asked for more schools and better-paid teachers.

A universal 8-hour day was not approved and was regarded as arbitrary on account of the varieties of labour involved. They asked for a proper period for rest and recreation and religious and social duties; they urged that as the cost of living had increased so greatly and wages relatively were not so high the Government should consider the limiting of certain exports in food stuffs. This Union differed from those of other Provinces by refusing to affiliate with the International Order and by including in its principles a religious clause and the admission of Church influence to its Councils. Its representatives on this occasion protested against their non-inclusion in the Federal Labour Conference of 1919.

Speaking at a Pulp & Paper Association banquet in Montreal on Jan. 30 the Premier dealt with this industry as the most important in Quebec. He told these men of timber limits that though they were taking away vast quantities of pulp-wood, he believed they were concerned in the welfare of their woodlands as the source of their raw material for the future and he hoped they would do everything possible to conserve it. The Government was giving all possible assistance in this direction, and it had created a Forestry service, Forestry schools for recruiting technical *personnel* for that service and for the lumber and paper trades, and a Forest nursery which was now in a position to supply a million young trees for the reforestation of waste lands. Sir Lomer's advice was to only cut from timberland what the limits produced yearly. This would mean increased expenditure, but such expenditure would make the limits produce more. He declared that they should think, also, of restocking the timberlands. If they would do their share in this direction the Quebec Government would do its share, and a big share. Quebec had 45,000,000 acres under license, and 75,000,000 acres of virgin forest. It had more than half the pulp-wood supply of Canada, and the largest extent of pulp-wood forest left in the world, and this forest, efficiently managed, could be made to produce enormous quantities for ever. The Government proposed making an inventory of the forests, and had established posts at Hamilton Bay, Ungava Bay, and James Bay, which it was proposed to connect by wireless and supply with aeroplanes for better fire protection. He realized the importance of keeping Quebec produce for Quebec mills, and would not hesitate, if necessary, to limit cutting to the use of mills in the Province; if a School of Paper-Making were required, the Government would give it.

On Feb. 7 a delegation waited upon the Government representing the Anti-Liquor League, the Provincial W. C. T. U., the Royal Templars of Temperance, and the Montreal Temperance Union and presented the view of their organizations as being that, so long as beer and wine were sold for beverage purposes and alcoholic liquors for other lawful purposes, the proper enforcement of the License law would prove a failure; that high licenses were conducive to abuse and immorality, because they forced the licensee to push his sales. These organizations, therefore, asked the Government to take over the exclusive ownership of all alcoholic liquors made in or imported into the Province for sale, and to control such sales, either directly or through a Commission. It was only under a Government ownership system, they believed, that an effective educational campaign in the interest of voluntary total abstinence could be carried on.

On Mch. 16 Sir Lomer left Quebec on a trip to Europe accompanied by Lady Gouin and his Secretary; a week was spent at Strasbourg and, at Paris on Apr. 14, accompanied by Lord Derby, British Ambassador, he was received by M. Deschanel, President of France. A Reception was given by Hon. Philippe Roy, Commissioner for Canada, which was attended by many representative persons; a visit was paid to the battlefields of the War and, especially, Vimy Ridge, and at Brussels special discussions took place with the Government as to Quebec's Colonization projects. In London, on May 6, the Quebec Premier was interviewed by the *Canadian Gazette* and dealt with the great strides made recently, by his Province in its water-power development, in the pulp and paper industry, in the advance of agriculture, in the contentment of its labour population, in the Good roads policy of the Government; to *Canada* in London (May 8) Sir Lomer stated as to the French and Belgian settlers that: "Quebec is receiving a steady stream of a fine type of agricultural workers—men especially skilled in intensive farming. Our Province has an energetic and capable representative in M. Godefroi Langlois, at Brussels and, as to trade, the friendly disposition and growing desire by French and Belgian traders and financiers to do all the business possible with us is bound to bear good fruit."

On May 11 a luncheon was tendered by the Canada Club with Sir George Perley in the chair and Lord Atholstan, Lord Burnham, Sir Gilbert Parker, Lord Devonport, Senator J. S. MacLennan and others present. In his address Sir Lomer said: "I longed to come and see again the glorious soil of France, where the virile manhood of this country, and of my country, helped to fight and win the battles of civilization. But this pilgrimage would not have been complete had I not come also to render homage to this, the Mother Country, for the love of whom our sons fought and bled." He declared that by 1930 Quebec would be the largest paper-manufacturing centre in the world: "I wish to claim further that we own sufficient water-power to allow many other industries to make a bid for the world's supremacy; we cherish the hope that all these Canadian assets will be developed by men and capital from within the Empire."

As to his own people, the Quebec Premier said, with clearness and sound truth: "May I tell you that my compatriots are a sober, thrifty, and honest race; that if they are jovial and relish a good laugh, they are also labourious and singularly well disciplined, and that they bear an innate respect to the laws and institutions of their country. They stand at all times for law and order, and no socialistic theories, however alluring, would ever appeal to them." Before leaving, on the 15th, for Quebec, Sir Lomer and Lady Gouin were entertained by the King and Queen and the Premier declared that, on no previous visit to Great Britain, had he so keenly realized the breadth of vision of British statesmen and leading members of the business community or found so much eagerness to obtain reliable information regarding the undeveloped natural resources of Quebec. Following this visit the President of France conferred on Sir Lomer the insignia of Commander in the Legion of Honour.

Meantime, there had been various rumours of the Premier's coming retirement, why, or wherefore, no one seemed clearly to know. It was generally believed that he had wanted to retire for some time; that, if conditions at Ottawa had been different, he might have accepted a place in Federal politics; that Sir Robert Borden would have welcomed his co-operation and help in the Union Cabinet. Speaking on June 21 at a banquet tendered by the Junior Liberal Club of Montreal, Sir Lomer praised his colleagues of past and present years and declared that a basic thought of his had been certain words he had read when a young man: "The greatness and the wealth of a country depend on its land, its people, and its heaven." In 1905 the Province of Quebec measured 350,000 square miles and in 1920, 700,000; in 1905 its population was 2,000,000 and now was over 2,500,000; the revenue had grown from $4,000,000 to $13,000,000, the product of the Mines from 5 to 23 million dollars and that of Agriculture from less than 100 to over 300 millions.

During these years, he added, they had built technical schools, commercial schools, normal schools, primary schools by the thousand, and had spent over $16,000,000 on education; to better the lot of the people, render the land more fecund by colonization, and more accessible by good roads, they had spent 35 million dollars. So with water powers and forests and pulpwood and industries which to-day produced $900,000,000. He urged young men of political vocation to continue resolutely in that career, which was the finest for developing qualities of heart and brain: "Have religion in your politics, but don't make a religion of it, and especially don't make it a matter of conscience. I think one can be Liberal without being absolutely a free trader. I haven't yet found the difference between a moderate free trader and a moderate protectionist." In conclusion the retiring Premier uttered words which were worthy of lasting record: "Defend your convictions and respect your word everywhere. Promise only what you can do, but promise all that you can do. Never confuse agitation with action. Work to acquire knowledge, for long ago knowledge dethroned chance."

On July 8 the retirement of the Prime Minister was announced and the ensuing tributes of the press were practically unanimous both within and without the Province. Shortly after his resignation Sir Lomer was appointed a Legislative Councillor to replace the late Hon. A. Racine; on Aug. 3rd *La Presse*, the greatest of French-Canadian journals in circulation and influence, announced that he had joined in its Executive direction; later in the year he retired from this position and was appointed a Director of the Bank of Montreal; about the same time he was appointed President of the new Montreal University—the Laval of an older day. It may be added here that, on Dec. 16, a banquet was tendered in Montreal to Sir Lomer by 600 of his friends; speeches were delivered by his successor, Hon. L. A. Taschereau, Hon. W. L. Mackenzie King, Hon. R. Lemieux and by his former colleagues Hon. Walter Mitchell and Hon. J. E. Perrault; a presentation was made of a fine Canadian landscape by Carrier. In his address he declared for the Liberalism of Laurier as "the policy of the middle course, the policy of common-sense;" he eulogized Mr. Taschereau as having experience and *prestige*, the confidence of the electorate and the qualities of a leader; he reviewed the work of his Government. Meantime, Mr. Taschereau had taken the helm and was sworn in as Prime Minister of the Province on July 9. A cultured member of an historic family in Quebec, he was the son of a late Judge of the Supreme Court of Canada, Hon. J. T. Taschereau, and a nephew of the late Cardinal Taschereau and the late Chief Justice of Canada, Sir Elzéar Taschereau. A distinguished lawyer, a moderate and popular politician, a member of the Legislature since 1900 and of the Government since 1907, he was accepted by his party and the public, as Premier and leader, with a general expression of respect and party loyalty. Madame Taschereau was well known in Quebec, Montreal and Ottawa society and had been active in Red Cross and other work during the War.

Mr. Taschereau's record in public matters was one of moderation and toleration and his view of Canada's national position was defined in his belief in the retention of appeals to the Privy Council and in a telegram sent on Mch. 24 to a Toronto paper regarding the proposed amendments to the B. N. A. Act: "I agree that our constitution should be Canadian in the widest sense of the word, but if the proposed amendment to the B. N. A. Act will enable Parliament to change the consituation of Canada in regard to such subjects as civil law, property and civil rights, education, language, religion, powers of a Province to tax, and other powers held exclusively by Provinces since Confederation, including Quebec's position as the pivotal Province in regard to representation, I am of opinion that the intended change is open to serious objections." There were no other changes in the Cabinet except the appointment of Hon. Antonin Galipeault to succeed Mr. Taschereau and of Hon. J. L. Perron as a Minister without Portfolio. It was constituted as follows:

Prime Minister and Attorney-General	Hon. Louis Alexandre Taschereau, K.C.
Minister of Colonization, Mines and Fisheries	Hon. Joseph Edouard Perrault
Minister of Lands and Forests	Hon. Honoré Mercier
Provincial Treasurer	Hon. Walter George Mitchell, K.C.
Provincial Secretary and Registrar	Hon. Lonis Athanase David, K.C.
Minister of Agriculture	Hon. Joseph Edouard Caron
Minister of Roads	Hon. Joseph Adolphe Tessier, K.C.
Minister of Public Works and Labour	Hon. Antonin Galipeault
Minister without Portfolio	Hon. Joseph Leonide Perron, M.L.C.
Minister without Portfolio	Hon. John C. Kaine, M.L.C.
Minister without Portfolio	Hon Narcisse Perodeau, LL.D., M.L.C.
Minister without Portfolio	Hon. Napoleon Seguin

Mr. Taschereau announced his policy as that of his predecessor—the continued development of the resources and wealth of the Province; the maintenance of Quebec as the sanctuary of all classes and religions, of peace, harmony and concord. On July 27 a banquet was tendered the new Premier at Quebec. In his speech Mr. Taschereau referred to various lines of present and projected development of a practical nature. In a general way he proposed to take advantage for the Province of its great richness in forests, asbestos and water-power. As to Forests he made this notable statement: "The time has come to regularize the cutting on timber limits by fixing a maximum of the annual cut to prevent the destruction of the forests, and a minimum to stop speculation, and to assure us a reasonable revenue from the cutting rights. Reforestation should be immediately undertaken and encouraged with energy." Other articles of his faith and policy may be briefly summarized:

1. Rigorous conservation of Forest resources against fire and improper cutting, with improved Forestry methods and system of reforestation.
2. Encouragement of Asbestos mining and development of the 10,000,000 h.p. of Provincial water-powers.
3. Government aid to Agriculture, Colonization and Highways.
4. Promotion of public instruction, technical training and primary schools with larger grants to teachers.
5. Support to Montreal industrial advancement and to Labour in all reasonable proposals for advancement.

Mr. Taschereau then expressed regret at existing political conditions in the Federal arena: "Since Quebec is so necessary to Confederation, is it not deplorable to note its isolation. Some people see benefit in this isolation; others regret it, and I am of the latter class. We did not go into Confederation to form a band apart and, like new Robinson Crusoes, to live alone and separated on our own island. It is not for me to discuss the cause of this isolation. But it exists, it is very real. Quebec is not the only one to suffer thereby; all the country feels the effects and I will welcome the day when our Province will take the place in the Canadian household which it merits by reason of its riches, its geographical position and all its other elements of greatness."

Speaking at the Quebec Exhibition on Sept. 8 Mr. Taschereau stated that the Government proposed to establish small model farms in all counties of the Province where the children could study farming without expense; he added that Quebec was the only Province that maintained its rural population and where Socialism and Bolshevism had no foothold. On the 6th he had shared at Quebec with Mr. Meighen, Premier of Canada and Cardinal Bégin in tributes to the memory of Sir George E. Cartier and had performed the ceremony of unveiling a statue in honour of the French-Canadian statesman. In addressing the Quebec Reform Club on Nov. 15 he dealt with the favourable Provincial conditions in Education, Agriculture, Labour and Public Health; he saw, however, with alarm, what he believed to be growing encroachments of the Federal Government upon Provincial rights.

He recalled that at the time of Confederation the Federal Government, in exchange for customs and excise duties, had voted the Provinces subsidies equivalent to 20 per cent. of the duties. To-day the Federal Government was voting money grants to the Provinces for Agriculture, for better roads, for Housing, for Employment Bureaux and it was changing the law as to Provincial bankruptcy and wanted to establish Divorce Courts. In each instance where the Federal Government made grants it imposed conditions, and these he emphatically stated, were encroachments upon the autonomy of the Provinces. He deprecated the non-party appeals of the time and urged, rather, a strong party spirit—a Liberalism without Alliances. On Nov. 18 the Premier met a representative Deputation in Montreal headed by Lord Shaughnessy, who asked the Government's sympathy and support for the project of a Bridge across the St. Lawrence, to connect Montreal with the south shore, and assured them of careful consideration. It would involve a considerable cost but would be of benefit to the whole Province as well as Montreal.

The Liberals of Montreal gave Mr. Taschereau a banquet on Nov. 22 and the Premier reviewed his policy as including recent grants of $1,000,000 each to Laval University, Quebec, the University of Montreal and McGill University; a contract with the C.P.R. to construct colonization lines into the Lake St. Jean and Temiskaming districts and legislation alloting $5,000,000 to Colonization purposes; the increase in stumpage dues from $1.65 to $2.70 which had already brought in a million dollars in revenue and the despatch of four students in Forestry to Europe to complete their courses; arrangements now under way for the Government of the Province to take over two of the three Tuberculosis hospitals—those at St. Agathe and Lake Edward. As to Prohibition he gave a careful statement:

> Do I need to say that we have tried everything—a great number of licenses and then their gradual reduction; the bar everywhere, then reduced greatly and submitted to a thousand restrictions; the Scott Act, and the prohibition of the sale of alcohol except for medicinal, industrial and sacramental purposes; finally a beer and wine *regime*, which thanks to a license and not to the licensees, has made our Province a veritable oasis in the North American desert? Have all these systems failed? Opinion is divided. I have laid down the principle that the duty of Governments is to give the people the system that they desire and which suits them. In this connection, we have something to guide us. In 1919, by an overwhelming majority, our people asked for the sale of beer and wines. I believe that we must, in consequence, maintain this system.

He promised support to a Charter for Montreal. Other Ministers spoke and also the Hon. R. Lemieux. To the Canadian Club, Quebec, on Dec. 12 Mr. Taschereau stated his political faith and ideals fully and frankly. Confederation, to him, was a generous compromise of men of differing language, differing creed, and from different Provinces, but of one country, who agreed to yield on some points in order to end racial animosity, religious antagonism, sectionalism, and ruinous rivalries of trade and local interests. This action and policy involved the consolidation of British power on the North American Continent, for it was, as Sir George Cartier expressed it, either a Confederation of British North America or absorption by the American Union.

As to the future: "I believe that we are true to the Fathers of our Confederation if we stand upon our allegiance to the British Crown, and let our development follow its due course until Canada has all the requisites of a nation and is called by the logic of events and the necessities of international life to act as an autonomous and sovereign government." Mr. Taschereau stated that Quebec's influence was growing: "We have 20,000 French-Canadians in Alberta, 25,000 in Saskatchewan and 30,000 in Manitoba, 10,000 in British Columbia and 20,000 in Ontario." To the students of the Quebec Commercial Academy at this time the Premier gave this advice: "Learn English, learn it while you are young, and learn it well. The majority of you are preparing for commerce, industry, or finance. Quebec is not surrounded by a Chinese wall. You will have business relations with our fellow-Canadians of other Provinces, who speak English and who are in the majority."

Of the Ministers it may be said that Hon. L. Athanase David, as Provincial Secretary, had supervision of the important Educational interests of Quebec and, early in the year, issued a statement showing that the Provincial Government between 1898-9 had, in yearly and special grants, paid $390,125 to McGill University and $751,000 to Laval University. Speaking at Quebec on Aug. 19 the Minister opposed uniformity in public instruction throughout Canada or compulsory attendance in his Province, as impracticable; he declared that the excellence of the Quebec school system was proved by the fact that three children out of five were bilingual, while the number of illiterates in the Province was small compared with the enormous number in the United States, where education was compulsory. In an eloquent address to the Empire Club, Toronto, on Oct. 28, he dealt with the progress of his Province and said: "We are about to offer you in the fields of commerce and finance and industry a loyal and unceasing fight. Before the encounter Quebec cordially holds out her hand to you."

Quebec, he said, had reached a degree of industrial stability attained by very few communities. Due to its just legislative enactments, beneficient to workmen and capitalists alike, the Province had escaped the industrial turmoil which had swept the world. To the "little public school of Quebec" the speaker gave credit for a general respect for religion, for the rights and obligations of the individual, for authority and law. To the McGill Canadian Club on Dec. 17 he delivered a similar address; the keynote was the prosperity of Quebec and the passing of the days of prejudice and fanaticism. The Provincial Secretary also received during the year the elaborate Report of the Department of Public Instruction as to educational conditions in the Province under his supervision and, also, the minutely detailed Report on Municipal School Corporations submitted by G. E. Marquis of the Bureau of Statistics. The *Quebec Year Book* was the 7th issue of that valuable volume and in it, under the editorship of Mr. Marquis there was an immense amount of detailed information regarding the Province. It may be added that the Provincial Secretary also issued, during the year, under direction of Mr. Marquis, an elaborate publication dealing with Judicial Statistics of the Province; another giving every phase and detail of Municipal Statistics; two others relating to Penal Establishments and Benevolent Institutions respectively. Mr. David's annual Report, as Provincial Secretary, for 1919-20 showed Fees collected of $75,021 and the incorporation of 595 joint stock companies representing an aggregate capital of $89,304,250 or double that of the preceding year.

The Hon. W. G. Mitchell, K.C., Provincial Treasurer, showed continued prosperity in his finances during 1920. For the year ending June 30 the total Ordinary Receipts were $14,472,650 and Expenditures $13,520,740; the total of Receipts, including Loans, was $26,529,861 and the total of all Expenditures, including capital account and Loan repayments, was $25,302,924. In the Receipts, proper, were included Dominion Subsidies $2,028,162 and Lands and Forests $3,033,587; Mines, Fisheries, and Game, $631,852 and Licenses $1,554,070; Taxes on Commercial Corporations, etc., $1,581,759; Succession Duties $1,786,930 and Motor Vehicles Tax $1,180,725. Amongst the items of Expenditure were Public Debt $2,029,721 and Legislation and Civil Government $1,372,083; Administration of Justice $1,299,063 and Public Instruction $1,632,631; Agriculture $887,400 and Roads $1,336,356; Colonization $709,000 and Asylums $1,017,946. There was a capital expenditure of $3,413,108 upon Roads and $7,000,000 for payments on Debt and temporary Loan. The Public Debt of the Province on June 30, 1920, was $44,310,412 of which $40,708,113 was funded with a Sinking fund of $2,173,362.

In his speeches during the year Mr. Mitchell was cheerful and optimistic. He told the Montreal Women's Club on Mch. 9 that the grant to schools had been increased from $400,000 in 1905 to $2,000,000, though this was not yet sufficient; the Highway development was described as a factor in progress and the means of bringing more trade and greater prosperity to the people with an increase in the value of lands along the roads; if labour, farmers and capital would stand together in Quebec, as seemed probable, nothing could prevent a brilliant future and one of unity as British subjects for the maintenance of the old British ideal of liberty. At the close of the year Mr. Mitchell stated, in a contribution to the Toronto *Globe*, that, since 1912, $27,000,000 had been spent on improved roads while between 1905 and 1920 surpluses of $10,298,162 had been accumulated and utilized in the public service; meantime the *per capita* Debt was reduced from $21.03 to $16.32.

Mr. Mitchell was also Minister of Municipal Affairs and in addressing the Provincial Union of Municipalities at their annual banquet in Montreal (Sept. 7) he told them the Department was only two years old and was moving slowly and judiciously and his advice to them was: "Never borrow if you can avoid it, and if you do borrow, be absolutely sure where you are going to get the money from to pay it back." He defended the law requiring the deposit of Sinking Funds with the Provincial Government as necessary to guard against money being borrowed more than once for the same purpose—as he had known to happen; equally wise, he thought, was the legislation making it difficult to pass municipal borrowing by-laws and forbidding municipal bonuses to industries; as to Housing, in which Federal, Provincial and Municipal administrations all were concerned, he feared too many cooks had spoiled the broth, but he would be glad of suggestions.

The Minister of Agriculture (Hon. J. Edouard Caron) continued during 1920 his enthusiastic presentation of Quebec's resources and progress. He encouraged and urged production, defended the farmers against attack, promoted organization, of a kind, but deprecated United Farmers' agitations and political action, aided co-operative effort wherever possible. At the beginning of the year his Department organized a large Convention of farmers from all parts of the Province. J. Antonin Grenier, Deputy Minister, Gustave Boyer, M.P., President of the Quebec Dairymen's Association, Dr. J. A. Couture, President of the Provincial Stock Breeders' Association, and others, led in the work and on Feb. 3rd 500 farmers assembled at Quebec. They were formally welcomed by the Lieut.-Governor and Mgr. Roy, representing H. E. Cardinal Bégin, Sir Lomer Gouin and Mayor H. E. Lavigueur, M.P.

Mgr. Roy declared that "this important class of society should practise prudence, moderation, justice and Christian charity, as opposed to class divisions and conflicts with other organizations." In the founding and development of Quebec, farmers and priests had worked side by side; he hoped they would continue doing so and not allow class union to break up a better and wiser union. The Lieut.-Governor (Sir C. Fitzpartick) likened society to the human body and affirmed that the welfare of each organ was essential to the welfare of the whole. He said that the farmers needed other classes as much as other classes needed them and urged them to remain men of order and moderation. The Premier (Sir Lomer Gouin) asked them to continue the co-operation and confidence which they had given the Government in the past. During the meetings many addresses were delivered by prominent men and on the 4th Mr. Caron, as Minister of Agriculture, urged co-operation and production in the current crisis.

He advised the farmers' sons to follow courses in the Agricultural schools and the daughters to go to the Housekeeping schools, and declared it as necessary to train women as the men and to give them a liking for the land. Men were often led to abandon their land because their wives would not remain on the farm. He wanted the farmers to organize and use their influence, but not along class lines. As a result of this meeting the Farmers' Union of Quebec was organized at Montreal on Jan. 15 with the following official statement: "This Union, following the example of the Catholic working men, who recently organized, propose, above all, to protect and develop their particular interests without trespassing on the rights of anyone or of any particular class, and in this they will take for their guidance the principles and precepts of the Church." They asked from the Archbishop of Montreal the services of a chaplain who would aid in giving necessary direction to the movement.

Quebec had great possibilities in agriculture. There were in 1920 over 218,000,000 acres in the Province with only 8,147,653 acres improved and ready for settlement; yet the production of this limited area was 42,000,000 bushels in 1900 and 72,000,000 in 1918. Replying to some criticisms of the farmer and high prices by the National Catholic Unions, Mr. Caron (Jan. 28) stated that the best way to effect an improvement was to encourage the farmer to produce more, to raise and spend more of his revenue, to make farming more attractive, to enable him to keep his sons on the farm: "There are thousands of men idle in the towns and there are thousands of men wanted for farming work who cannot be obtained for any money." Unless the desertion of the farms ceased there would be a far worse situation in prices, in unemployment and in wages as well: "The fact that short hours are guaranteed to labour and that high wages are paid in the majority of cases to organized labour, have been the leading factors in causing farmers' sons to leave their productive and sunny farms for industrial life."

In order to check this process he told a Sherbrooke gathering on Sept. 1st that, through legislation or some other means, a system should be established whereby farmers could not go to the city and enter trades for which they had no training. He thought labour unions should be regulated so that craftsmen should be obliged to hold a certificate of competency before being allowed to draw the high wages prevailing in various trades. Yet, despite all troubles, the Province had in six years increased its area under cultivation by 63 per cent., the value of its field crops by 310 per cent., while dairy products more than doubled in value; in 1914 the average farm in the Province was worth $47 per acre, and now was worth $72 per acre. At this time the Minister announced that 20 Experimental Farms were to be established in the Province to serve as models for farmers and colonists. In Ottawa on Sept. 17 he defined a plan to keep young men on the farms by preventing them joining Labour Unions unless they had technical training. He would also prohibit strikes, and have a special tribunal for dealing with every kind of industrial conflict.

Meanwhile, the Farmers in the Western part of the Province, chiefly in the Counties of Quebec, Pontiac, Labelle, and Argenteuil, lying north of the Ottawa River, had started in 1919 a semi-political organization on lines similar to the United Farmers of Ontario and with E. Fortin as President. On Jan. 9, 1920, further organization was affected at a meeting in Hull with 100 delegates present; there were varied differences of opinion but finally a Committee was appointed to draft a platform and by-laws. The first political test of the United Farmers of Quebec was in October when a Provincial by-election occurred in Kamouraska and the local farmers nominated Norée Morin a small farmer or *habitant*, as their candidate and, to the great surprise of the public, elected him over L. A. Dupuis, the Liberal candidate. About the same time, another by-election took place in Ste. Maurice with two Liberal candidates. The Government organization supported A. Guillemette, and the farmers of the riding, R. Ricard, a notary. Both candidates had pledged support to the Taschereau Government and Mr. Ricard, the farmers' favourite, was elected. Following this was the presentation of a strong plea to the Tariff Commission in favour of lower duties though not to the point of free trade. On Dec. 16 the United Farmers of Quebec were represented at the U.F.O. Convention in Toronto by J. P. Brady of Buckingham, Secretary, who stated that there were 20 clubs organized in the Province; Hector Caron, also from Quebec said there were 5,000 French-Canadians in the U.F.O. itself. Speaking as to this organization on Dec. 18 at Ottawa, Hon. Mr. Caron said to the Canadian Club: "The best thing to do is to tell the truth. We are not free traders. We think in Quebec that free trade would not be a good proposition. The farmers themselves favour a moderate degree of protection."

The Hon. J. E. Perrault, Minister of Colonization, Mines and Fisheries carried on, through 1920, a vigorous campaign for the setttlement of Abitibi, Temiscamingue, Lake St. John and other regions where either good land, timber, water-power or minerals or, usually, all combined, were plentiful. He obtained legislation during the Session granting $5,000,000 to be expended in the development of settlements already opened, to create new districts for cultivation, to build colonization roads, to construct bridges and to assist in providing schools. In a statement upon this subject Mr. Perrault laid emphasis on the fact that there were millions of acres of good land available in the Province, that the Government intended that these districts should be opened up, that the Department would launch a strong campaign for colonization, and publish tracts, booklets and other literature dealing with the subject. Roads, bridges and schools were, he added, essential for the success of colonization. The campaign was developed during the year and considerable expenditure undertaken.

The Minister also took special interest in the matter of Child Welfare and at Quebec on May 31 addressed a gathering where he dwelt upon the importance of preserving child life and of maintaining or increasing the birth-rate of the Province. In his Annual Report for the fiscal year, 1920, Mr. Perrault stated that for Colonization $704,000 had been expended in the year and work was being done on 1,126 miles of road of which 279 were winter roads and 336 miles finished as waggon roads—the remainder being repaired and improved generally. His officers reported that in the Abitibi region 4,285 settlers had entered during the year and 187 new families had established themselves; there being now 1,733 families and 11,823 souls in this region. His Immigration officers reported 6,076 immigrants arriving at Quebec during the year, of whom over 5,000 went to Montreal. The Province received from all sources no less than 15,014 people, of whom 5,650 came from the United States and 5,121 from England.

The mining returns showed an increase of $2,000,000 and a total of $20,813,670 with Asbestos, as the chief industry, producing $11,758,234. The fish and game revenue had also grown with a total of $302,788 and furs as the chief product with royalties of $102,988. Hunters reported many skins—muskrats 261,745, weasels 63,698, Beaver 50,535, mink 16,739, white foxes 10,552, grey foxes 6,693, deer 5,743, otter 3,093, bears 1,135, lynx 1,386, etc. Associated with this Department was that of Lands and Forests, presided over by Hon. Honoré Mercier, with a total of 7,700,697 acres in the Province sub-divided and disposed of up to June 30, 1919 and a total Revenue of $2,510,141—the highest on record. Mr. Mercier urged during the year better protection of Fish and Game and suggested, amongst other things, uniform protection laws for Canada and the United States. As to Forests Mr. Perrault was concerned with settlers who wanted limited timber rights; Mr. Mercier with the preservation of timber from fire and depredation and with its sale under adequate terms and with productive results.

The policy of the Department in this general connection had long been an excellent one with practically no scandals, with good revenues and with a production turned to pulp-making and similar purposes which showed a total value increasing from $13,122,287 in 1911 to $58,328,477 in 1919. Licenses to cut timber on Crown Lands were made for the year and were renewed annually—objections to renewal not being raised if the regulations were complied with. License holders had to pay a ground rental of $8 per square mile a year and at the time of cutting the timber must pay the rate of stumpage fixed by the Government. All surveys were made at the cost of the licensee, who was also responsible for fire protection and for the carrying out of the timber-cutting regulations. In 1920 the Province offered to all holders of timber licenses, free planting and tree stock, with the privilege, as an incentive to reforestation, of deducting the cost of planting from the current annual stumpage dues. On Aug. 26 it was announced that an Order-in-Council had approved a new tariff for cutting of timber on Crown lands.

As Minister of Roads, Hon. J. A. Tessier had a progressive policy which had proved more or less a model for all Canada. The good roads policy of the Government began in 1912 and by

1920 had produced a net-work of excellent highways* which opened up the scenic beauties of the Province and aided its general development to a surprising degree. It was stated by G. A. McNamee, Secretary of the Canadian Good Roads Association, (Jan. 17) that in 1915 3,430 motor cars visited the Province; in 1916 there were 7,581; in 1917 9,427, and in 1918 there were 9,177. During 1919 the estimate was 20,000 with $4,000,000 spent by motorists in the Province. By Dec. 31, 1920, and since 1912 the Government had expended $23,766,442 on roads. Quebec also came into the Dominion Government's highway proposition and contributed its $11,000,000 to a projected total of $17,000,000 spread over five years.

The Report of Hon. Antonin Galipeault, who succeeded Mr. Taschereau as Minister of Public Works and Labour, for the year of June 30, 1920, showed special attention by the Government to the building of the Temiscamingue Railway as to which a construction contract was made with the C.P.R. and the Interprovincial and James Bay Company; on Nov. 4, 1920, arrangements were completed for the construction of the first 50 miles of a loop-line at Lake St. John. The Director of Railways, Ivan E. Vallée, reported to date $11,381,230 as having been paid by the Province in railway subsidies with 1,443 miles constructed and $54,602 as the balance still due. The amount earned in Land subsidies was 1,735,000 acres. The Deputy Minister of Labour, Louis Guyon, reviewed the work in that connection and Mr. Galipeault in his introduction observed that in Quebec: "By maintaining stability and activity in labour we continue to enjoy social harmony, which is the guarantee of prosperity and progress."

He pointed out that in the United States during the year of June 30, 1920, there was an estimated 7,044,120 of workers affected by strikes with a loss of $160,000,000 in wages and a gain, through increased wages, of $100,000,000. The Minister stated that during the year much time had been used in arranging and enforcing the new regulation compelling parents to register children working in factories and during five weeks the registration in Montreal totalled 6,912 girls and boys between 14 and 16 years of age: "I am happy to add that the number of illiterate French-Canadian girls was not over 4 per cent. and that the boys unable to read and write barely exceeded 8 per cent." The Government Employment Bureaux (five) reported to the Minister 20,692 unemployed as registered and 13,608 as placed with 19,837 vacancies notified by employers; in the Military Bureaux 33,765 soldiers registered as unemployed and 19,701 were placed with 25,227 available positions. The building of iron bridges was stated to be actively in progress with 574 constructed of which 50 were finished in the year with 67 still under construction; the cost to date was $4,088,826.

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*Note—See Road Section in the portion of this volume dealing with Transportation.

Incidents of the year included the continued good work of Hon. P. Pelletier, Agent-General in London, and of Hon. Philippe Roy, Commissionaire-General in Paris, with much publicity given to the position, progress and prospects of Quebec; as a result of resignations the re-organization of the Provincial Board of Motion Picture Censors on Dec. 3rd with Roussy de Salles as President, John O. McDermod and M. D. Carrol as members, and J. Belanger as Secretary; the decision of the Privy Council on Nov. 22 which allowed the appeal from Quebec concerning questions arising between the Dominion and the Province over the title of lands formerly used as Indian Reserves and remitted the action to the Superior Court of Quebec with judgment in favour of the Provincial contention.

There was a somewhat complicated judgment of the same body on Nov. 30 in the Dominion *vs.* Quebec Attorney-General case, concerning the powers of the Province to grant fishing rights in tidal waters which was, on the whole, favourable for the Federal contention that the control of fisheries in tidal waters was vested in the Dominion. The case was important as, in 1913, the Judicial Committee had given a somewhat similar decision. The Province now claimed that the Privy Council view was based on Magna Charta and that the principles of Magna Charta did not apply to Quebec; the Federal Government maintained that these provisions did apply, and the case was sent again to the Privy Council with the result indicated. During the year the Provincial Government appointed a Committee and voted the necessary funds for a vigorous campaign against venereal diseases through the establishment and upkeep of laboratories and dispensaries and the carrying on of public education upon the subject.

The 1920 Session of the Quebec Legislature.

This 1st Session of the 15th Legislature was opened on Dec. 10, 1919, by the Rt. Hon. Sir Charles Fitzpatrick, Lieut.-Governor, in a Speech from the Throne which referred to the visit of the Prince of Wales and declared that outside of the Province ideas and opinions regarding the French-Canadians were undergoing a change with an admission of their sterling qualities and their "abiding respect for peace, tradition, good order and the rights of property;" stated that agriculture continued to prosper and, as an industry, was being modernized and production rendered more abundant, that Quebec's dairy products enjoyed a more favourable reputation abroad and that co-operative action was progressing satisfactorily as was the Colonization of new areas; declared that a Railway to the Temiscamingue region had become a necessity, that Road work was very actively carried on and much progress being made in matters of Education

Joseph Napoleon Francoeur was elected Speaker of the House and Adrien Beaudry, K.C., Chairman of Committees and Deputy Speaker. The Address was moved by Martin Madden of Quebec East and Irenée Vautrin of Montreal-St. James, and passed without serious debate in a House where nearly all the members were Liberals and Government supporters. In the Legislative Council, of which Hon. Adélard Turgeon was Speaker, the Address was moved by Hon. Médèric Martin and Hon. J. Hall Kelly and passed after brief discussion. There were 41 sittings of the Assembly and 2 divisions; 98 petitions were presented, 189 Bills submitted in the Assembly and 2 in the Council; 167 Bills were passed. There were in the House five Conservatives and in the Council three; all the rest were Liberals.

Amongst the legislation of the Session one of the most important was the Hon. J. E. Perrault's Bill appropriating $5,000,000 for colonization and to be expended in the development of settlements already begun, to create new districts for cultivation, to build colonization roads, to construct bridges and to assist in providing schools. The Minister in presenting his proposals, emphasized the fact that the Government intended to open up only those districts where the land was suitable for cultivation. In his travels through the Lake St. John and Abitibi districts, Mr. Perrault had always heard the same request: "Give us roads and schools and the rest will follow." He intended to spend the larger portion of the $5,000,000 appropriation for the construction of good roads in the colonization districts, and the provision of communication roads through the forests for development of the timber limits. The measure passed without opposition.

The Hon. Mr. Taschereau revised and enlarged the Act creating the Quebec Public Utilities Commission. The President was given power to hear and deal with expropriation and arbitration cases in Montreal and Quebec and this official was to give his attention exclusively to the work of the Commission and his salary was placed at $7,000. The other two Commissioners were to receive $3,500, but did not have to give all their time to their duties. Another clause provided that "if at the time of his appointment a Commissioner possessed or, if after his appointment he acquired any interest in any bond or security of a public utility, he would have to dispose of it." Provision was made that no public service, unless authorized by law, could increase its rates without having obtained permission from the Commission.

It could also make such orders as were necessary when a municipality collected taxes on immovable property and refused to furnish the owner with sewers, water, sidewalks or any other public municipal service; it was to enquire into questions relating to municipal administration when desired by the Government and to have power to deal with complaints in regard to the rights of floating timber down any river or stream, and fix conditions; it was to handle all expropriation proceedings and fix the compensation and to make such orders as it judged to be in the public interest as to connection of lines, transmission of messages, right of way for trains or other facilities, and to determine the compensation and other conditions for such exchange of service in cases where a public service applied for an exchange of service with another public utility. The name was changed to that of the Quebec Public Service Commission and a re-organization took place with Adrien Beaudry, K.C., as President, F. C. Laberge, C.E., and A. W. Macalister, K.C., as Commissioners and M. Joseph Ahern as Secretary.

Mr. Caron, Minister of Agriculture, had four measures dealing with his special subject. One of these amended the statute as to Co-operative agricultural associations and the value of the shares was increased from $10 to $20 payable in four yearly installments, or as the Association might decide by by-law. No member was allowed to hold less than $20 of capital stock or more than $1,000 and representation by proxy, through an officer or employee of the Association, was made null and void. A penalty of $5 per day for neglect or refusal to provide the Association's statement after the required date was included. The Municipal Code was amended as to drainage of agricultural lands with a penalty of $25 or eight days' imprisonment incurred by any person who interfered, injured or prevented the execution of work being done by the Special Superintendent under certain conditions. A new Drainage Act dealt with Loans by municipalities for such purposes and made provision whereby the Council of any town, village or rural municipality could borrow under by-law, sums of money not less than $2,000 or more than $50,000 to use in draining lands with not more than $1,000 to be advanced to any one farmer. The Dairy Products Act was amended in certain details.

The first Bill presented by Hon. L. A. David as a Minister related to inmates of reformatories and industrial schools and its object was to prevent the exploiting of boys' labour by third parties, and to provide that all contracts between the Manager of any reformatory or industrial school, and an outside party, as to the boys should be submitted to the Provincial Secretary for approval; also that the boys' earnings under such contract must go towards the cost of his maintenance as paid by the Government. Brig.-Gen. C. A. Smart thought the Government should go further and direct that all the boys' earnings should be kept account of and, after the cost of maintenance had been repaid the remainder be put in the Bank and handed to the boys when they left the institution. The Provincial Secretary accepted the suggestion. Adrien Beaudry had charge of the Bill incorporating L'Université de Montréal; by other measures Montreal West was given an elective Commission form of government and Grand 'Mére and Longueuil became cities.

An important Bill was that amending the Charter of Montreal and providing (1) that there should be no elections for the existing Mayor and Aldermen of the City and their terms to last until April 1st, 1922; (2) that a Commission of the Charter of the City of Montreal should be created to consist of 16 persons, appointed, two each, by the Municipal Council of Montreal, the Administrative Commission of Montreal, the League of Proprietors, the League of Tenants, the Council of Trades and Labour, the National Catholic Labour Union, the Montreal Board of Trade and the Chambre de Commerce of Montreal; (3) the services of the members were to be unremunerated and the Commission was to prepare a charter embodying all that was necessary for the maintenance of peace and order and the good government of the City for submission to the Legislature at its next Session. The appointments were as follows:

Sir Hormisdas Laporte, President

Gustave Francq
Alfred Lambert
Victor Morin
Lieut.-Col. E. G. M. Cape
Lieut.-Col. Irving P. Rexford
Jos. Girard
Fred. W. Evans
Maj.-Gen. Sir John Carson, K.C.B.

John Foster
A. Kelly
J. R. L. Ayotte
A. Senecal
F. Roberge
Ald. J. A. A. Brodeur
Ald. Thos. O'Connell
R. Bauset, Secretary

A new Housing Act was also passed by Hon. W. G. Mitchell which made regulations for utilizing the Federal appropriation. It also permitted, for the special benefit of Montreal, the construction of a tenement consisting of, say three dwellings at a total cost of $13,500. Under its terms the Government advances were made to the municipalities direct, and left with each absolute control of the construction of dwellings and full responsibility. The Government advanced sums of money to the municipalities, in return for which the latter gave bonds at 5 per cent., taken at par. Provision was made whereby the municipalities, for their greater protection, could have the land on which individuals were to construct houses transferred to them and each could appoint a Commission to do the work for any length of time, and delegate to such Commission all or part of its powers.

Provision was made for a subsidy to the C. P. R. Company of $1,600 per mile for 66 miles of new railway from a point at the present terminus at or near Temiscamingue or Kipawa, and from there in a northeasterly direction to the Riviére des Quinze by way of Ville Marie. If the C. P. R. did not get a grant from the Federal Government for the building of this line, the Provincial Government would grant the Company an additional subsidy of $6,400 per mile. In addition to the cash grant, the C. P. R. also received a subsidy provided for at the previous Session, of 4,000 acres of land per mile. A Bill presented and carried by Hon. A. Galipeault provided for other subsidies. To the Quebec, Montreal, and Southern Railway Co. was granted 2,000 acres of land per mile towards extending its line from Ste. Philomene de Fortierville in the direction of Lévis, a distance of 52 miles; to the Quebec Central Railway Co. the same subsidy was given to extend its line from St. Lucie de Beauregard, in Montmagny, to St. Pamphile, in L'Islet, a distance of 25 miles; to the Montreal, Joliette and Transcontinental Junction Railway a subsidy of 4,000 acres of land per mile was granted for a line from the Mercier-Maisonneuve ward, Montreal, across the Counties of Hochelaga, Assomption and Montcalm to Joliette, thence to St. Michel des Saints, in Berthier, and then to a point on the Transcontinental Railway at or near Parent, a distance of 60 miles. In addition there were grants to unnamed companies of 4,000 acres of land per mile for a line from Malbaie, Charlevoix County, to Ha! Ha! Bay, a distance of about 75 miles, and from Chicoutimi, to St. Felicien, west of Lake St. John, about 120 miles.

A Bill was approved giving $1,000,000 to McGill University spread over a period of years; another incorporated the General Association of Accountants with the right of members to use the words "Certified Public Accountant" or C. P. A. Mr. Mitchell, Provincial Treasurer, provided for a Law Officer to be appointed and given the privileges of the Civil Service as to pensions; in another Act this privilege was accorded Dr. Pelletier, Agent-General in London. The Sessional indemnities of members of the Council and the Assembly were increased from $1,500 to $2,000 and the salary of the Prime Minister from $6,000 to $12,000—that of the other Ministers being left at $6,000. Important changes and a revision of the Quebec Companies Act* was made with changes along the lines of what the Canadian Bar Association had advocated as to uniformity of the Dominion and Provincial laws governing joint stock Companies.

The new Act did away with some non-essential formalities in connection with applications for incorporation and made provision for the easier working of companies after their organization. Provision was made for the protection of the public in such matters as access to the books and trust deeds of a Company, in the auditing of accounts, and as to inspection and registration. Mr. Taschereau, in presenting the Bill, declared it was the desire of the Government to simplify procedure and to protect the public by making inspection of the companies more

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*Note.—A text-book on this subject was issued by J. A. **Hudon**, K.C., of Quebec.

rigorous. The Game Laws were amended to make the close season for Deer, Moose and Caribou end on Sept. 20 instead of Sept. 1st and to make it an offence for any trader to sell Partridges from the passing of the Bill until 1925. Mr. Taschereau, as Attorney-General, carried a Bill authorizing the Government to appoint Recorders without, as in the past, the advice of municipalities concerned. Mr. David, Provincial Secretary, passed a measure for appointment of a Director of Technical Education at a salary not exceeding $5,000 a year, and stated that it was the intention to appoint Alexandre Macheras, the present Inspector-General of Technical Schools, to the position.

Other Bills included one which provided that every Judge of the Sessions and Police, or any District Magistrate, on reaching the age of 80 years, should be compulsorily retired and also gave the Government power to retire Judges at any time it was thought desirable, under pension; another, which amended the Quebec Election Act to authorize the appointment in each city of a Board to rearrange the local voting subdivisions so that there should be, as nearly as possible, 200 electors in each subdivision; Hon. Mr. Perrault, had a Bill to enable the Government to raise the license fees for fur traders by 100 per cent. or over if so desired. Sir Lomer Gouin had a Bill raising the salary of the Agent-General in London from $6,000 to $8,000 a year. Legislation by the Provincial Secretary provided for medical treatment of prisoners in gaol and the establishment of dispensaries for venereal diseases with a free distribution of drugs for treatment as well as for an educational campaign against the disease.

Members of the Engineering Institute of Canada domiciled and practising in the Province were incorporated as "The Corporation of Professional Engineers of Quebec," while the Batiscan River Bridge Bill, to complete the Montreal-Quebec Highway, provided that the Bridge had to be built at points which were close to the highway on both sides of the River at a total cost, for all necessary approaches, abutments and works, not to exceed $225,000. The Good Roads Act was amended to give the Government power to borrow $10,000,000 additional for the continuation of its policy and making a total of $30,000,000 in all since 1912. It was authorized to pay up to 6 per cent. for this loan instead of 4½ as heretofore, but the rate of interest charged the municipalities, (3 per cent.), remained unchanged. The Hon. Mr. Mitchell said that of the $20,000,000 spent under the Act only $5,000,000 had been actually borrowed—the remainder having been provided out of revenue account. The Quebec Geographical Commission was given sole power under the jurisdiction of the Minister of Lands to name or re-name the lakes and rivers of the Province.

Mr. Mercier, Minister of Lands, had another Bill which provided that no expropriation of lands required for the development of water powers could be made without the Minister's approval. The Provincial Secretary provided by legislation that the Medical Director of Hospitals for the Insane and Public Charities should be paid a salary of $5,000 and should have control and jurisdiction over reformatory and industrial schools and all institutions which received and cared for the sick, poor, orphans, and delinquents. Another measure appropriated $2,000,000 for the construction of the Annex to the Montreal Court House and for the acquisition of the necessary land. Mr. Taschereau, as Attorney-General, carried a Bill for the closing of buildings used for disorderly purposes for a period not exceeding one year—if so used after a conviction was obtained against the owner or tenant.

An interesting discussion and vote occurred on Feb. 14 when Henry Miles' Bill admitting women to the Bar of the Province was given the "six months' hoist" by a vote of 38 to 19 with the Cabinet and the Opposition equally divided in the division. The debate was an elaborate one with the Women's organizations of Montreal working hard for the Bill and part of the English press favouring action along women's suffrage lines as well—at least so far as to provide Lists for women to make use of in Federal elections. Sir Lomer Gouin carried his measure creating post-graduate scholarships in Paris, France, and granting $1,000,000 to L'Université de Montréal.

Arthur Sauvé, Leader of the Conservative Opposition of five, took an aggressive course during the Session and proved himself a caustic and vigorous critic. He took up the cause of the Civil Service employees of the Province, who had urged their claims for higher salaries, and on Jan. 20 accused the Government of evading the question, declared that the cost of living was far too high to be met by bonuses of $45 or $100, and thought justice should be done the employees even though the surplus should disappear; this view Liberals such as A. Monet, P. Bercovitch and I. Vaubien apparently shared as did A. Laurendeau (Labour) though it was pointed out that there had been a recent increase in salaries. On another occasion Mr. Sauvé claimed that the Government got the credit for good roads and let the municipalities and Federal Government bear the responsibility; he opposed the increase of salaries to members of the Legislature on the ground that the Civil servants were not getting adequate remuneration and that the subject had not been mentioned at the recent Elections—though he did not take a division on the matter.

Mr. Sauvé attacked the policy of the Minister of Agriculture upon several occasions (1) on a contract to supply farmers with a special tractor at $500 less than the listed price; (2) on the question of the canning industry and an alleged Trust; (3) on the position of two organizations formed to aid farmers which were said to have taken $300,000 from them and given nothing in return; (4) as to a Bill increasing the capital of the Co-operative Agricultural Society of Quebec to $1,000,000 which he denounced as unfair to farmers who were not members. The Attorney-General's Bill taking over the full appointment of Recorders evoked criticism as to probable Government partisanship and favouritism in appointments. But the Opposition leader could only criticize and he did not, as a matter of fact, force a division during the Session. The Legislature was closed on Feb. 14 by His Honour the Lieut.-Governor.

Education in Quebec during 1920; The Funds raised by McGill and L'Université de Montreal.

Educational discussions and development in Quebec were of much interest during this year. Salaries were increased for the teachers, training in English was encouraged, the two great Universities, McGill and Montreal, received generous treatment from the public and equally liberal aid from the Government and Legislature; there were distinct evidence of *bonne entente* in various educational directions. During the Session of the Legislature early in the year two Educational measures were passed—one was a Bill presented by Sir Lomer Gouin appropriating $6,000 to be voted yearly during 4 years for the establishment of five scholarships of $1,200 each for the education of students at the Memorial House in Paris which was to be erected by the Quebec Government. It was intended as part of a general policy represented by the yearly grants to the Universities and the Polytechnic School, the founding of the School of Higher Commercial Studies at Montreal, the Technical schools, the Schools of Forestry, and the Financial support given to Colleges and Schools of Agriculture. The grant to McGill and to the University of Montreal—better known as the Laval University Branch of that City—were also based upon this policy of aiding higher education, of building up the ideal of a cultured life amongst the people of the Province.

Many views as to Education were, of course, expressed during the year; an interesting one as to language was used by C. J. Magnan, Inspector-General of Catholic Schools, at Ottawa on Jan. 15 when he said that "the day we forget French, we will cease to be Catholics, and the day we cease to be French-Canadians we will cease our allegiance to the King." On Oct. 7 I. Gammell, addressing the 56th annual Convention in Montreal of the Protestant Teachers of Quebec Province, stated that while the present Provincial Government had done much in support of education it could not do more than public opinion demanded. He declared that the better schools of the Province could compare with the best elsewhere and that the majority of teachers were conspicuous for their skill and devotion. G. J. Trueman, PH.D., pointed out that there were in Quebec 234 children of school age per 1,000 population, while in Ontario there were 188, and in British Columbia 139. From this cause alone Montreal would need about 800 teachers more than a similar area of population in Ontario.

In an address at Montreal on Nov. 11 the Rev. Dr. E. I. Rexford declared that Quebec would soon lead the Dominion in educational matters. While other Provinces were discussing the best means of developing the child's religious nature, pupils in the Protestant Schools of Quebec had been given half-an-hour a day of religious training while clergy were permitted to give instruction for an hour a day to those of their flocks who were attending Normal Schools. A point of interest to Separate Schools in Ontario was brought out by the Montreal *Star* on Mch. 15 in the statement that the School taxes of Montreal for 1919 included $1,845,844 collected from "neutral properties"—being land held by corporations made up of Catholic and Protestant shareholders or by partnerships which had not formally declared the destination of their taxes. The taxes so collected were divided between the Catholic and Protestant schools according to the number of pupils. Besides this, $1,638,097 collected from Catholic ratepayers went direct to the Catholic Schools and $1,065,858 from Protestant property owners went direct to the Protestant School Committee.

The annual Report of the Department of Public Instruction for the year of June 30, 1920, was submitted to the Hon. Mr. David, Provincial Secretary, on Dec. 23 by the Superintendent, the Hon. Cyrille F. Délage. This Department was divided into two Committees—the Catholic one with H. E. Cardinal Bégin, the Archbishops of Montreal and Ottawa, and 10 other ecclesiastics as members, together with 16 well-known lay members and Mr. Délage as Chairman; the Protestant, with 15 members including Bishop Williams of Quebec, General Sir Arthur Currie, Hon. W. G. Mitchell, and Rev. Dr. E. I. Rexford as Chairman. In each case there was Associate members. Mr. Délage stated in his Report that the number of school municipalities in the Province was 1,676 of which 1,341 were Catholic and 335 Protestant; that $1,322,797 had been expended during the year on the construction or repair of school-houses; that 4 new districts of Inspection had been created with a service including, altogether, 61 Inspectors of whom 50 were Catholic and 11 Protestant; that in the opinion of the Superintendent more generous salaries for teachers were needed and it was "essential to confine the model schools and academies for boys to male teachers."

He stated that in the Catholic Committee it had been decided to permit the teaching of English in urban centres during the second year instead of only in the third year as heretofore—if School Boards should deem it desirable. This decision was opposed vigorously by Mgr. F. X. Ross of Rimouski in a series of articles in *Le Devoir* but at the end of the year the changed regulations still stood, with the energetic support of *L'Evenement* of Quebec and *La Presse* of Montreal while *Le Soliel* quoted the teachings of the Christian Brothers in which English instruction was emphasized. The school statistics of the Province may be summarized from this elaborate and detailed Report for the year of June 30, 1919, and with only the more important statistics given:

No. of Catholic Elementary Schools	5,512
Total number of Pupils (209,253 Catholic)	224,056
Average attendance of Pupils	160,790
Male and female lay Teachers	5,933
Teachers in Religious orders or Nuns	994
Average salary of male lay Teachers with Diplomas: In Towns, $959; In Country, $652.	
Average salary of female lay Teachers with Diplomas: In Towns, $353; In Country, $200	

No. of Protestant Elementary Schools	700
Total number of Pupils (40,986 Protestants)	45,287
Average attendance of Pupils	32,563
Male and female lay Teachers	1,499
Average salary of male lay Teachers with Diplomas: In Towns, $1,968; In Country, $377.	
Average salary of female lay Teachers with Diplomas: In Towns, $804; In Country, $364.	

Roman Catholic Model Schools and Academies	1,058
Number of Pupils	201,035
Teachers, male and female, lay, with Diplomas	1,308
Male Teachers in Religious Orders	1,720
Number of Men teaching	4,180
Average salary of male lay Teachers with Diplomas: In Towns, $1,074; In Country, $654.	
Average salary of female lay Teachers with Diplomas: In Towns, $441; In Country, $226.	

Protestant Model Schools and Academies	96
Number of Pupils	15,823
Male and female lay Teachers	563
Average salary of male lay Teachers with Diplomas: In Towns, $1,752; In Country, $1,204.	
Average salary of female lay Teachers with Diplomas: In Towns, $752; In Country, $537.	

Number of Roman Catholic Classical Colleges	21
Number of Pupils	7,711
Number of lay Professors	35
Professors in Religious orders	700

The grand total of all teachers was 18,504 of whom 8,113 were Clergy, Religious brothers, or Nuns. In his Educational Statistics for the year G. E. Marquis, Head of the Bureau of Statistics, reported 6,772 Catholic Schools in 1919 taught by 3,857 male and 12,244 female teachers and attended by 453,413 pupils of whom 223,399 were boys and 230,014 girls with an average attendance of 75·48 per cent.; the Protestant Schools numbered 817 taught by 457 male and 1,946 female teachers and attended by 63,555 pupils of whom 32,213 were boys and 31,342 girls with an average attendance of 72·92 per cent. During this year the municipal school corporations contributed $9,076,698 to Education while other public contributions were $5,622,010 and the Government grant $2,334,108—a total increase in all grants of $2,481,539. Since Confederation in 1867 the number of schools had increased 94 per cent., of pupils 142 per cent. and teachers 319 per cent.; the total of all contributions rose from $1,569,911 to $16,844,684.

McGill University filled a conspicuous place in the eyes of educational thought everywhere in Canada during the year through its appointment of General Sir Arthur Currie to the Principalship and its successful collection of a $5,000,000 Fund. The institution was already a household word in Canada where Parliament, Legislatures, Supreme Court, High Courts, the Bar and the professions all knew McGill; its standing, like that of Toronto, was one of continental and English-speaking character. General Currie, at the beginning of the year, was Inspector-General of the Forces with headquarters at Ottawa and, during its earlier months, gave a number of addresses on the part taken by Canada in the War. There were varied rumours during this time as to probable and possible appointments for McGill and, at the annual Convocation on May 12, the acting Principal, Dr. Frank D. Adams, announced that General Sir Arthur Currie, G.C.M.G., K.C.B., D.S.O., had been appointed Principal and Vice Chancellor of the University and had accepted the position: "Sir Arthur Currie has been chosen as one of the greatest outstanding Canadians at the present time, who has led our young men to victory in the Great War and who will now be their outstanding leader in times of peace, teaching them to employ their talents not only in pursuit of their vocations but in the public service of the nation." It was, he added, the beginning of a new era in the life of the University. The official statement issued by the Board of Governors declared that, upon the regretted inability of Sir Auckland Geddes to retain his appointment in view of his Washington Mission, they had, in offering it to Sir Arthur, been influenced by the conviction that "the University needs at the present time, above all other things, a Principal filled with exceptional powers of organization and administration, and endowed with a capacity for inspiration and leadership. . . . The qualities which made him (General Currie) an incomparable organizer and leader at the front fit him pre-eminently for the headship of a great Canadian University." Following Dr. Adams' announcement the degree of Hon. LL.D. was conferred upon the following:

General Sir Arthur Currie	Commander of the Canadian Corps in the War	Ottawa
The Hon. Sydney Arthur Fisher, B.A	Ex-Minister of Agriculture	Ottawa
Abbott Laurence Lowell, LL.D., PH.D	President of Harvard University	Cambridge
Maj.-Gen. Gilbert Lafayette Foster, C.B	Lately Director-General of Medical Forces	Ottawa
Brig.-Gen. Andrew G. L. MacNaughton, C.M.G., D.S.O., B.SC	A Notable War Officer	Montreal
The Hon. Pierre Basil Mignault	Judge of the Supreme Court of Canada	Ottawa

Very briefly Sir Arthur stated his acceptance of the position, his sense of responsibility in so doing, his belief in McGill's great future: "I accept the position of Principal of McGill University with all humility, fully cognizant of my own limitations, and with full appreciation of the responsibilities and possibilities of the position. If belief in a sound and vigorous mind in a sound and vigorous body, and the value of education to all classes; if appreciation that no institution can be a success that is only a one-man institution and that there must be a thorough co-operation in all its branches and cordiality on the part of everyone; if a willingness to serve and to devote one's whole life to the object in hand is worth anything, I hope to be found not unworthy of following in the footsteps of those splendid men who have guided the destinies of McGill in the past." The appointment was received with the greatest public interest; the General himself was not a University graduate though he had six years' experience as a school teacher. But, as the Montreal *Star* put it (May 12): "The qualities which made Sir Arthur Currie a great soldier guarantee his success as Principal of McGill University. Education is a continual warfare against the powers of darkness and ignorance and narrowness. Victory is the price of courage and stern mental discipline and a vision that sees over the immediate trenches. General Currie has this vision, this instinct of discipline, this courage, and with it an idealism of Old Testament intensity and supreme scorn for outworn, red-tape rules and inhibitions."

The new Principal's first address in Montreal as such was to the Central Y.M.C.A. on the following day, when he spoke of the University as a national institution: "There were many things in common between McGill and the Y.M.C.A., the main one being a sound mind in a sound body." On the same evening a banquet was tendered him by Officers who had served under his command in France, an Address was presented signed by 6 Majors-General, 22 Brigadiers-General, 9 Colonels and 109 Lieutenant-Colonels, which praised his "military knowledge" and "unquestionable judgment," and the human feeling so often displayed by him; at the same time a Sword of Honour was presented.

Several addresses by the new Principal followed—Acadia University banquet at Wolfville, N.B., on May 26; Canadian Club, Halifax, on May 28 and the same Club in St. John on the 31st; in Toronto to the Women's Military Service Society on June 3rd. In most cases they covered Canadian conduct and deeds in the War. On June 8 the Medical Faculty of McGill saw 49 new physicians graduating with 734 students registered in the Faculty of whom 145 had been soldiers; Music was also included with six diplomas granted and some other degrees were conferred including one woman who received the B.C.L. and other graduates the degree of M.Sc., Ph.D., etc. The School for Teachers at Macdonald College, Ste. Anne—a branch of the

University in Agriculture and Education—presented diplomas on June 10 to 166 students of whom only two were men; at the June examinations 196 candidates qualified for entrance to the University. During this month (June 16) General Sir Sam Hughes developed one of his yearly attacks in the Commons upon General Currie—his War strategy and leadership—which evoked the usual replies in the press and the usual dignified silence on the part of Sir Arthur. As to this the Toronto *Star* (June 22) embodied Canadian opinion in the main: "In ignoring these attacks upon him it is probable that General Currie makes the most effective of all answers. Before the Canadian people the Commander of the Canadian forces in the War does not need to defend himself against wild accusations."

An interesting Special Convocation took place on Aug. 3rd when the degree of Hon. LL.D. was conferred upon Viscount Burnham, President of the Empire Press Union, Sir Harry Brittain, M.A., Secretary of the Union, R. S. Ward Jackson Proprietor of the Rand *Daily Mail*, South Africa, and Thomas Wilson Leys, Editor of the Auckland (N. Z.) *Star*. Sir Arthur Currie presided and welcomed the Imperial Press Conference to Canada: "It is peculiarly fitting that McGill should be the first University in Canada to recognize the value of the Empire Press in this particular way, because, by the very nature of its position, it has come to be recognized as, probably, the most Imperial University in the Dominions Overseas. Its students are drawn from all quarters of the globe and, especially, from the British Isles. McGill, the Imperial University of Canada, therefore, greets with enthusiasm the Imperial Press." Sir Arthur was in Boston on Sept. 23 and received a warm welcome from the McGill Graduates' Society of New England.

Meanwhile, the annual Report—the first one of the new Principal—covering the year to Aug. 31, showed the progress of the institution. It recorded the appointment of the Principal and the election of H. R. Drummond, Charles E. Neill, Percy P. Cowans and Lord Atholstan to the Board of Governors; the formation of a new department to be known as the School for Graduate Nurses, and the contribution by the Provincial Red Cross of $5,000 a year during three years for its maintenance—with the appointment of Miss Madeline Shaw as Director and the enrollment of 21 full-time students and 17 partials; the discontinuance of courses in Chemistry and Metallurgy and organization of a new course in Engineering Physics; the raising of the Department of Dentistry to the rank of a Faculty with Dr. A. W. Thornton as Dean and that of Music to the same rank with Dr. H. G. Perrin as Dean; the creation of a degree termed Master of Science in Agriculture or M.S.A. and an extension of the course in the Department of Commerce; the establishment in the Faculty of Law of two new courses, one to suit the needs of those who intended to practise in other parts of the British Empire or in the United States, and one for those who wished to acquire a knowledge of Law for general purposes such as business, or journalism, or public life—with the appointment of two new Professors, Herbert A. Smith, M.A. and Ira A. Mackay, M.A., LL.D., PH.D., late of Saskatchewan.

A McGill School of Physical Education had also been organized by Dr. A. S. Lamb as Director and two Scholarships established in honour of sons killed in the War—one by J. T. McCall and the other by L. P. Snyder. The bequests of the year included one by the late Dr. James Douglas of $50,000 for the construction of Student dormitories; one of $75,000 under the will of the late Percival Molson towards the construction of a Stadium—after whom it was named in due course; the gift of the very valuable library (7,800 volumes) of the late Sir William Osler—said to be one of the finest collections of medical books extant. An increase in salaries to the Teaching staff of $195,000 per annum was stated and the raising of the Fees by $42 in Arts, $53 in Medicine, $75 in Dentistry, $78 in Law, $92 in Commerce, $8 in Applied Science, and $25 in Music. The chief Staff changes of 1920 were the retirement of Dr. Charles E. Moyse, Vice-Principal and Dean of the Faculty of Arts after 40 years' University service with that of Dr. C. W. Colby, Professor of History and of Professors Sir C. P. Davidson, Aimé Geoffrion, Eugene Lafleur and Archibald McGoun from the Law Faculty. Dr. A. B. Macallum, F.R.S., of Toronto, was appointed Professor of Bio-Chemistry and Mr. Justice J. E. Martin of Commercial Law. Registration at the close of 1920 was 2,797—an increase of 354.

The enrollment of Students for 1919-20 was 2,915 of whom 2,273 were under-graduates and 425 partial students with 115 attending Short Courses in Agriculture at Macdonald College and 84 the Summer School for Rural Improvement, and 700 registered in Extension Courses, or a total of 3,814. The Students in Arts were 621 or an increase of 232, in Applied Science 643 compared with 240 in the previous year, in Medicine 747, in Law 131, in Dentistry 87. Macdonald College had 334 students in Agriculture, 184 in the School for Teachers and 120 in Household Science with 84 in the Summer School. The B.A. degrees conferred during the year totalled 57 and those of B.Sc. 79; B.C.L. 28; M.D. 52; B.S.A. 15; and D.D.S. 15; with others making up a total of 300. The receipts of the institution were $2,506,058 and disbursements $2,510,320, while the capital invested during 1919-20 was $3,017,965 and the total Assets were $21,514,260.

Incidents of the year included the opening on Jan. 12 of a new Extension lecture course in Industrial Chemistry; the unsuccessful request of the University to the Dominion Government (Jan. 14) to give to students of war record overseas such assistance as might be necessary to tide them over their initial difficulties by means of a grant or grants of money, or of a loan; the retirement of Colonel J. M. Elder, M.D., as Assistant Professor of Surgery on account of the appointment in 1919 of Dr. Horst Ortel, a German, as Professor of Pathology and his support by Brig.-Gen. F. S. Meighen and the Returned Soldiers' Association; the resignation of the Rt. Hon. Sir Robert Borden as Chancellor of the University on account of ill-health; the opening of an Exhibition (June 16) of some of the rare volumes and manuscripts contained in the Redpath Library of McGill; a banquet to Prof. J. A. Dale, M.A., (Sept. 19) lately Professor of Education on his appointment to the University of Toronto; a re-union banquet in New York of the Graduates' Society of McGill on Oct. 7 with addresses from Sir Arthur Currie and Sir Charles Gordon, a Governor of the University; an address at the Empire Club, Toronto, by Sir Arthur on Oct 12 upon Education as a National Factor; presentation to the Redpath Library of valuable collections of books by Dr. James Roy and P. T. Lafleur of Montreal, and of 1,500 volumes of the McGill Alumnae Society to the Royal Victoria Hospital. Sir Arthur Currie delivered a notable address to the Canadian Club, Boston, on Nov. 29.

The great event of the year for McGill was, however, the raising of its special Fund of $5,000,000. In this the appointment of the new Principal was a great help and to it Sir Arthur devoted all his energy and organizing skill. For two months before the initiation of the actual week's campaign on Nov. 15, press work, speaking efforts and publicity and preparation of every kind were under way. A Campaign Committee of 150 of the most influential citizens of Montreal was appointed at a meeting on Sept. 8 with Lord Shaughnessy as Hon. Chairman, Sir Montagu Allan and J. W. McConnell as Hon. Vice-Chairmen, and an Executive Committee of which R. B. Angus was Hon. Chairman, E. W. Beatty, K.C., President of the C.P.R., Chairman, W. M. Birks and Sir Charles Gordon, Vice-Chairmen, John W. Ross, Hon. Treasurer, and A. P. S. Glassco, Secretary. Of working committees, P. P. Cowans was chairman of that on Special Names, H. R. Drummond of Finance, Graham Drinkwater of Graduates, Lord Atholstan of Publicity and A. J. Brown of Campaign Objects.

It was stated that the $5,000,000 objective, though large for a Canadian University, was small in comparison with recent campaigns for Harvard, Yale, Cornell and Princeton and was necessary to put a great Canadian institution financially on its feet; to help to recoup the losses caused by active participation in the War and by the absence of so many students overseas; to renew and extend equipment and increase professors' salaries; to extend the buildings for requirement of the larger number of students in attendance since the close of the War; to meet special needs of the various Faculties and to erect dormitories for students, a common dining hall, professors' residences, and a Convocation hall. Following this preliminary organization, Sir Arthur Currie visited New York, Chicago, Ottawa, Toronto, Hamilton, London, Winnipeg, Edmonton, Regina, Calgary, Vancouver, Victoria, Sherbrooke, Quebec and other points (accompanied in part by Colonel Herbert Molson) where addresses were given and organization effected which laid strong bases for the ensuing campaign—in this latter work E. B. Tilt of the Graduates' Society gave great assistance.

By Oct. 12 the effort of the McGill Centennial Endowment Campaign was well under way with a formal opening at the public meeting in Windsor Hall addressed by H. E. the Duke of Devonshire, E. W. Beatty and Hon. L. A. Taschereau, Premier of the Province, Sir Arthur Currie and Prof. C. W. Colby. Mr. Taschereau stated that: "Never has the need for higher education been more urgent than to-day. Our social and industrial conditions are changing so rapidly, the problems which confront us are so complex and numerous, that we must hasten to transform our ideals into effective reality. This cannot be done without the University, the fundamental function of which is to develop leaders capable of maintaining a healthy social spirit and of evolving ideas and systems answering our present needs. The University has a direct bearing upon all social, industrial, and commercial activities which bind people together." The large gifts are recorded in the following table and order of announcement:

Quebec Government	$1,000,000
Lord Atholstan	100,000
J. W. McConnell	100,000
Dominion Textile Co.	100,000
Sir Herbert Holt	100,000
Bank of Montreal	250,000
Royal Bank of Canada	250,000
Merchants Bank	125,000
J. T. McCall	50,000
Ogilvie Flour Mills	50,000
Greenshields Ltd.	25,000
A. J. Brown, K.C.	25,000
Gazette Printing Co.	25,000
Penmans Ltd	25,000
Montreal Cottons Co.	25,000
F. Howard Wilson	25,000
J. N., J. C. and C. G. Greenshields	25,000
Sir C. B. Gordon	25,000
Charles R. Hosmer	25,000
E. W. Beatty, K.C.	25,000
Hon. Lorne C. Webster	50,000
W. M. Birks	25,000
Wayagamack Pulp and Paper Co., Ltd.	$ 10,000
Spanish River Pulp & Paper Co.	10,000
Herbert and F. W. Molson	100,000
C. P. R.	250,000
Laurentide Co., Ltd.	50,000
Molsons Bank	50,000
Imperial Tobacco Co.	50,000
Francis McLennan	75,000
McDougall & Cowans	50,000
Canadian Explosives, Ltd.	25,000
Lake of the Woods Co.	25,000
Riordon Pulp & Paper Co.	25,000
For a Chair in Chemistry	25,000
Dominion Oilcloth Co.	15,000
Sir Vincent Meredith	15,000
Dr. W. L. MacDougald	15,000
Robert Adair	25,000
Montreal Light, Heat & Power Co.	25,000
Dominion Glass Co., Ltd.	15,000

Gerald Birks	25,000
Heirs of Hon. C. C. Colby	15,000
Mr. and Mrs. W. R. Miller	10,000
Canadian Cottons, Ltd.	10,000
Dominion Bridge Co.	10,000
Canadian Car & Foundry Co., Ltd.	10,000
H. R. Drummond	10,000
Brompton Pulp & Paper Co., Ltd.	10,000
B. C. Graduates	11,815
Mr. and Mrs. George Caverhill	10,000
P. Lyall & Sons	10,000
Sir Mortimer B. Davis	10,000
Southam Press	10,000
Sherbrooke Graduates	10,000
C. W. Lindsay	10,000
Wabasso Cotton Co.	10,000
J. K. L. Ross	200,000
Rockefeller Foundation	1,000,000

The above list records the gifts of $10,000 and upwards and it was estimated that graduates in Canada and in the United States contributed a total of $1,000,000; the Rockefeller gift was for the special endowment of the Medical School and part of a general appropriation of $5,000,000 for Canada. Aside from this the total on Nov. 20 was $4,682,828 and a little short of the objective; the time was extended to the 23rd and on that date the total pledged was $6,321,611—including the Rockefeller million. The large amounts received in this extension period were as follows: Frank Ross, Quebec, $25,000; Price Bros. & Co., $25,000; Sir William Price, Quebec, $25,000 and J. and G. A. Carruthers $10,000. The wide area from which this response came was notable, the tributes paid to Sir Arthur Currie's influence in the result were many, the meaning of the success to McGill was obviously very great.

Other incidents of the year included the appointment of Professor P. T. Lafleur as Head of the Department of English; the final steps in the establishment of the McCord National Museum in association with the University as a gift to his *Alma Mater* from David Ross McCord, K.C.—a splendid collection of historical Canadian data, relics, pictures, etc.; the selection of Walter W. Colpitts, M.SC., as President of the N. Y. Society of McGill Graduates; the re-organized and very active work in the Centennial Fund matter of the Montreal Graduates' Society with P. F. Size elected President in October; the re-organization of the Graduates' Society in Toronto (May 2nd) with A. H. U. Colquhoun, B.A., LL.D., as Chairman; the appointment of B. K. Sandwell, a well-known Montreal journalist, to be Assistant Professor of Political and Economic Science; the Report of G. R. Lomer, M.A., PH.D., Librarian of the University, showing 165,657 volumes in the Library and 25,000 pamphlets; the excellent work done during the year by the students' organ, the *McGill News* (Quarterly) under an Editorial Committee headed by Prof. Stephen Leacock; the appointment of a Committee of graduates to manage the Centennial Re-union celebrations of October, 1921, with Brig.-Gen. G. E. McCuaig, C.M.G., D.S.O., as Chairman.

The Theological Colleges of Montreal—Congregational, Anglican, Presbyterian and Weslyan in affiliation with McGill

—joined Macdonald College in a Summer School for Rural Improvement with special appeal to country clergymen and others interested in rural welfare. Combined in a common Divinity Hall and with a joint Board of Governors and Rev. Dr. D. L. Ritchie as Dean, these Colleges maintained their separate system and included, in 1920, 15 students in the Congregational College, 49 in the Presbyterian and 53 in the Weslyan with no report from the Diocesan. During this year arrangements were completed for the creation of a department for the training of Directors of Religious Education, Secretaries of the Y.M.C.A. and Y.W.C.A. and other lay Christian workers, with courses of study to be taken in the Theological Colleges and in the departments of Arts, Physical Education, and Social Service at McGill University. It may be added here that the University of Bishop's College, Lennoxville, had 71 students in 1920, re-elected Hon. John Hamilton, LL.D., of Quebec as Chancellor, appointed the new Principal, Dr. H. H. Bedford-Jones, Vice-Chancellor and conferred the degree of Hon. D.C.L. upon Rev. Canon J. M. Almond, C.M.G., of war-Chaplain fame, and Maj.-Gen. Sir David Watson. At the closing exercises of Loyala College, Montreal, on June 18, 5 B.A. degrees were conferred by the Rector, Rev. W. H. Hingston, S.J., with a number of diplomas. The Catholic High School of Montreal, with an influential Committee headed by Lord Shaughnessy, raised in November a Fund of $200,000 for building and development purposes.

The event of the year in Catholic institutions was the raising of a large Fund by the University of Montreal—lately the Montreal Branch of Laval University—for the purposes of re-building and general development and re-construction. The parent institution at Quebec had 1,263 students in attendance during 1919-20; Laval in Montreal had 5,495.* By an Act of the Legislature assented to on Feb. 14, 1920, the Law Faculty, the School of Medicine and Surgery, the School of Comparative Medicine and Veterinary Science, the School of Dental Surgery and the Dental Hospital, and the School of Pharmacy—all of Laval in Montreal—were constituted a corporation as L'Université de Montréal. It was empowered to grant degrees in Arts of B.A., M.A., Ph.D.; in Letters of B.L. and D.L.; in Sciences of B.S. and D.S.; in Law, LL.D., and Medicine M.D.; in Theology D.D. with a variety of other degrees. As finally appointed, the Chancellor was Mgr. P. L. N. Bruchési, Archbishop of Montreal, the President Sir Lomer Gouin, K.C.M.G., K.C., the Rector Mgr. Georges Gauthier, D.D., the Vice-Rector, Canon Emile Chartier, M.A., PH.D., and the Secretary-General Edouard Montpetit, LL.D., F.R.S.C. The Chairman of the Executive Council was Hon. F. L. Béique. The Faculties, as finally, con-situated, were in Arts, Science, French and English Literature, Political Economy and Social Science—with M. Montpetit as Director of the latter.

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*Note.—Statement issued by Dominion Bureau of Statistics.

The General Committee created to organize the University campaign and to raise a national subscription of several millions was presided over by Bishop Gauthier with A. P. Frigon as Director-General and Léon Trépanier as Secretary-General; the Executive Committee had Maj.-Gen. A. E. Labelle as Chairman, the Publicity Committee Joseph Laporte, the Committee on Speakers, T. Rinfret, K.C., the Committee on Names, Senator J. M. Wilson, the Graduates' Committee, Hon. S. Letourneau, and Comité des Conférences with Edouard Montpetit and L. M. Gouin as Chairmen. The campaign opened on Feb. 23 and on the 22nd an appeal was made by the Parish priests in the churches of 412 parishes of the Arch-diocese of Montreal. The first contributions announced were $1,000,000 from the Government of Quebec and $1,000,000 from the Seminary of St. Sulpice, Montreal. La Banque de Hochelaga gave $50,000 as did Senator F. L. Béique, the Canadian Pacific Railway Co. and Alphonse Racine; Senator J. M. Wilson contributed $100,000, Archbishop Bruchési of Montreal gave $30,000 and the Ogilvie Flour Mills Co. contributed an unsolicited cheque for $10,000; at an auction sale of furs in Montreal on Mch. 22 Senator Lorne C. Webster sold and re-sold a beaver skin for the University Fund which finally realized a total of $13,570—the Senator acquiring it in the end for $1,500. The Ontario Government and Legislature voted a grant of $20,000; other contributions of $10,000 and over were as follows:

Acme Glove Works	$10,000
L. G. Beaubien	20,000
La Banque Provinciale	25,000
Banque d'Epargne C. & D.	15,000
Tancrede Bienvenu	10,000
Charles Chaput	25,000
L. Chaput & Fils	10,000
Dufresne & Locke	25,000
J. H. Dansereau	25,000
Lalonde Daoust & Cie	25,000
Dupuis & Freres, Limitee	25,000
Gaspard Deserres	25,000
Madame L. J. Forget	10,000
Sir Lomer Gouin	10,000
J. O. Gravel	25,000
Mgr. Georges Gauthier	25,000
Herbert Hudon & Co., Ltee	25,000
Hudon & Orsali Ltee	25,000
General Alfred E. Labelle	10,000
St. Lawrence Sugar Refining Co., Ltd.	10,000
Tourville Lumber Co.	10,000
Versailles Vidricaire Boulais	25,000
Rev. H. Gauthier	10,000
A. A. Larocque	10,000
Lamontagne Ltee.	25,000
Laporte & Martin	25,000
L. M. Lymburner	25,000
E. H. Lemay	25,000
La Compagnie de Jesus	10,000
P. E. Legaree Limitee	15,000
Legaree Auto & Supply Limited	10,000
Laurentide Pulp & Paper Co.	10,000
P. P. Martin & Cie	25,000
Perron, Taschereau, Rinfret, Vallee et Genest	25,000
T. Prefontaine	15,000
J. A. Richard	25,000
Donat Raymond	25,000
Regent Knitting Mills Co.	10,000
Societe St. Jean Baptiste	10,000
Sun Life Insurance Co.	10,000
Napoleon Tetrault	25,000
Ferdinand Tremblay	10,000
S. D. Vallieres	12,000
J. A. Vaillancourt, Limitee	10,000
Imperial Tobacco Co., Ltd.	10,000

The total amount received was $4,000,000 and the comment of the Montreal *Star* (Mch. 25) was as follows: "It is to be a French-Canadian University, and they want to build it themselves. They have succeeded beyond their most sanguine expectations, and well deserve congratulations. Never in the history of this Province has there been such a generous response from its wealthy French-Canadian citizens."

The Prohibition and Temperance Question in Quebec during 1920.

The Canadian wave of Prohibitory thought and enactment at this period was partially broken upon the walls of Quebec. The Province had voted in April, 1919, for the sale of spirits only under medical prescription, but for the licensed sale of wine and beer. Legislation giving effect to this popular expression was duly passed and the first official statement as to the working of the Act was made by Mr. Mitchell, Provincial Treasurer, in the Legislature, on Feb. 11, 1920. In answer to a question in the House by Arthur Sauvé, Leader of the Opposition, the Minister said that the law had been in force 9 months with results which, so far, were most creditable; there had been some inevitable abuses of the law but certain officials had been dismissed and the prospect of good enforcement was promising. Outside the cities of Montreal and Quebec, the operation of the law had been effective and satisfactory.

There had been 1,259 actions instituted against individuals for breach of the statute and 3.315 gallons of bulk-liquor, 14,116 bottles, and 226 cases of beer had been seized. Difficulties had arisen because the City of Quebec was under the Canada Temperance Act and this permitted the sale of undue quantities of spirits under prescription. From May to November, 1919, there were 15,069 prescriptions issued in Quebec City, and the sale of spirits valued at $351,448 was based on them—an average of $26.89 for each certificate. In all the rest of the Province the average sale per prescription was $2.35. The Department in charge had discovered in the first three months that many certificates were forged or signed by unknown persons; to correct that condition, numbered certificates in blank were supplied to the physicians and the sales of the vendors had decreased materially as a result. Mr. Mitchell thought that the law ought to be given a fair trial of 18 months at least; therefore, the Government would make no amendments during the 1920 Session.

As to the general principle which prevailed in Quebec, the Hon. R. Lemieux, M.P., told the *Canadian Gazette* in London (April 1st) that it was the only sane Province in the Dominion: "That is because in Quebec we have no Prohibition. We believe in temperance, and have local option. We have abolished the bars, but everyone can buy beer or light wine. In the Prohibition countries it is evident that the law is not being re-respected. It is a serious thing when a law is not respected, even though it is a bad law, for there is a tendency, thus caused, to pay no respect even to good laws. The liquor traffic must, of course, be controlled, but prohibition does not make a nation sober. Moreover, it does not work fairly. The rich man can have all he wants, but the poor man gets none, and is driven to buy illicitly all kinds of vile substitutes for wholesome drink."

In the meantime, its Council endorsed the granting of 10 club-licenses, in the hope that clubs would be more easily controlled than wholesale shops. As to Montreal there was no doubt about its public opinion being opposed to Prohibitory measures and the license officials had, consequently, a hard task to perform. Meanwhile, the Prohibition organizations—the Dominion Alliance, the Anti-Alcoholique Ligue, the W.C.T.U. the Good Templars, etc.—had been at work and an effort was made to co-ordinate all these bodies in a union of forces. But there were differences of opinion and the Alliance was supposed and claimed to represent all the organizations, though it did not really do so; the Anti-Liquor League was a secession from its ranks and did not want to be re-absorbed while the Alliance resisted attempts to form a new organization of which it would only be a part.

On Oct. 25 it was announced that D. Murphy, K.C., had been appointed by the Provincial Government as Administrator of the Liquor laws. Mr. Murphy stated at once that there would have to be a change in Montreal conditions: "It does not matter what I think of the law," he said, "or what anyone else thinks of it, so long as it remains on the statute books. If any changes are necessary, that is up to the Government. In the meantime, I am here, and my only object in life, from now on, is to see that no one breaks the law; it will prove a hard task, but I do not think that it is an impossible one." Sixty Inspectors and agents were appointed and on Nov. 1st 15 Inspectors were allotted to the 15 licensed vendor's shops to make sure that no one bought spirituous liquor without a doctor's prescription; at the same time, any Montrealer had the right, under the law, to import spirits from Great Britain or from Quebec City. Apart, therefore, from the beer and wine matter, the other and prohibited branch of consumption was still conspicuous.

Agricultural, Industrial and General Progress of Quebec in 1920.

During the year Quebec was prosperous in almost every direction with a minimum of financial discomfort from deflation experiences at its close. For the greater part of the period demand for pulp-wood was strong and prices high; the paper industry reached its pinnacle of Provincial prosperity; manufacturing was, as a whole, successful and satisfactory and Labour troubles were very few; Agricultural production was exceptionally good—except in hay—while pasturage and dairy products were excellent. Asbestos remained the chief mining industry with an increase in production and prices; ship-building lessened, the sugar industry suffered a severe collapse and the fur business, with certain industries, at the close of the year faced lower prices and lessened demand.

The population of the Province had advanced steadily and Federal estimates in 1920 placed it at 2,326,528; the Port of Montreal had a good year with 636 trans-Atlantic ocean liners of 2,019,799 tons entering and clearing during the season—the exports of grain alone totalling 56,469,886 bushels; the Imports of the Province (Mch 31, 1920) totalled $308,995,362 and its Exports $587,928,342. An estimate of the value of tourists to the Province was made by W. R. Givens of the Kingston *Standard,* who claimed that in three months of this year visitors spent $7,500,000 in Quebec City alone; an element of importance was the decrease in its foreign population through the return of many Russians, Greeks and Roumanians to Europe.

Agricultural production in 1920 was about $330,000,000 in value compared with $89,000,000 in 1913; it was still the chief occupation of the masses of the people though manufacturing had leaped upwards and beyond it in total output; there was much official and general encouragement given to it, there was increased and intensified production, there were collateral products such as maple sugar and syrup which contributed considerably to the net returns of the farmer. Before the War Quebec imported wheat; in 1920 it produced all that was required for its own consumption. As a matter of comparison agricultural production in Quebec increased 310 per cent. between 1914 and 1919 and in Ontario 190 per cent.; the value of its farm lands in 1919 was $72 compared with $66 in Ontario, which was next in Canadian Provincial values—with the exception of British Columbia where the rich fruit farms ran values up very high. In 1914 Quebec farm values were $47 an acre. The total value of Live-stock shared in the decline which marked all continental values in this connection and during the year it stood at $206,814,000 in 1920—even then a great advance upon the $116,249,000 of 1915. According to Federal statistics, horses in Quebec in this period numbered 3,400,352, worth $55,583,000; cattle numbered 9,477,380, worth $119,164,000; sheep numbered 3,720,783, worth $10,320,000; swine numbered 3,516 678, worth $21,747,000. The dairy products of the Province had doubled in value during 8 years and were approximately $35,000,000 in 1920. The agricultural production of 1920, according to Federal figures, was $330,000,000, as follows:

Field Crops	Area. Acres	Yield per Acre Bushels	Total Yields Bushels	Average Price Per Bushel	Total Value
Spring Wheat...........	222,045	17.00	3,775,000	2.24	8,456,000
Oats..........................	2,205,908	30.25	66,729,000	0.88	58,722,000
Barley.....................	194,444	25.25	4,910,000	1.41	6,923,000

Field Crops	Area: Acres	Yield per Acre Bushels	Total Yields Bushels	Average Price Per Bushel	Total Value
Rye	28,462	18.75	534,000	1.88	1,004,000
Peas	60,870	17.00	1,035,000	3.36	3,478,000
Beans	35,835	18.00	645,000	4.08	2,632,000
Buckwheat	151,765	25.75	3,908,000	1.38	5,393,000
Mixed Grains	143,423	29.25	4,195,000	1.26	5,286, 00
Flaxseed	16,035	11.50	184,000	3.57	657,000
Corn for Husking	47,741	29.75	1,420,000	1.59	2,258,000
Potatoes	310,692	185.50	57,633,000	1.00	57,633,000
Turnips, Mangolds, Etc.	83,613	329.25	27,530,000	0.50	13,765,000
		tons	tons	Per ton	
Hay and Clover	4,290,121	1.25	5,363,000	29.00	155,527,000
Alfalfa	28,200	2.40	68,000	21.00	1,428,000
Fodder Corn	86,833	8.00	695,000	10.20	7,089,000

In its forests and forest production, Quebec had a great asset at this time. These areas covered about 130,000,000 acres and were estimated in 1920 to contain $200,000,000 worth of white and red pine, $250,000,000 worth of spruce and balsam, $100,000,000 worth of pulpwood and $25,000,000 worth of hardwood. G. C. Piché, Chairman of the Forest Service, divided the areas as follows: (1) Privately-owned forests 6,000,000 acres; (2) forests leased as timber limits, 44,500,000 acres; (3) forests on lots under location ticket, 1,300,000 acres; (4) Township forest reserves, 200,000 acres and (5) Forests not in timber limits, etc., 78,000,000 acres. The total capital invested in the Provincial Lumber interests was in 1919, $69,277,794, and the production $61,493,919. From the forests and the water-powers of the Province there also developed in 1919 and 1920 a very large Pulp and Paper industry with, in 1919, 46 mills and a capital investment of $124,101,164. Since 1914 the output of wood-pulp had increased enormously while the Province still possessed about 70,000,000 acres of unleased pulp areas.

In 1920 there was 810,000 horse-power being utilized from the water-powers of the Province out of 7,000,000 horse-power available and Quebec's resources in this respect were one-third those of the entire Dominion; there was invested in these water-powers over $125,000,000. Meanwhile, the Government had done its share in developing water-powers through the Quebec Streams Commission headed for a number of years by the late Hon. S. N. Parent. At St. Loutre, on the St. Maurice River, it had erected, at a cost of $1,600,000, a storage reservoir which enjoyed the distinction of being the second largest artificial reservoir in the world and had a capacity of 160 billion cubic feet. This storage would permit of a regulated flow of over 12,000 cubic feet per second at Shawinigan Falls, Grand 'Mére and La Tuque. The Government had also constructed at the head of the St. Francis River another regulating reservoir, with an ultimate capacity of about 12 billion cubic feet and power sites utilized at D'Israeli, Weedon, East Angus, Bromptonville, Windsor and Drummondville.

The Government in another direction aided production by leasing power sites on reasonable terms to private enterprises which assumed all further responsibility—a policy the exact opposite of that in Ontario. It was claimed that in four years, as a result of this policy, Three Rivers increased in population from 13,000 to 19,000; Hull from 18,000 to 22,000; Sherbrooke from 16,000 to 19,000; Thetford Mines from 3,250 to 7,000;Jonquiéres from 2,300 to 4,200; Grand 'Mére from 4,200 to 8,200. Shawinigan in 1920 had over 10,000 people and La Tuque over 4,000. The development of these waterpowers and ensuing enterprises under private control made Hydro-electric energy in this part of Quebec almost completely replace other sources of power, while a number of Canadian and American industries were induced to locate on the Montreal system; many industrial enterprises, including electro-chemical and electro-metallurgical works, would never have been undertaken, had not this means of obtaining cheap power been available; official figures of the Montreal Light, Heat and Power Co. showed the increase in the amount of power consumed by that concern alone, between 1909 and 1918, to be 600 per cent. On the Island of Montreal, as a whole the increase in the use of electric power since 1915 was 420 per cent.

Associated with this development was that of manufacturing which made great strides in this and the preceding year; Quebec claimed, indeed, to be the great producer in all the Provinces of boots and shoes, clothing, cotton fabrics, steel bridges, Railway rolling stock, tobacco, cigars and refined sugar. In its 6,584 mills and factories it also produced pulp and paper; air compressing machinery; rock drills and other mining machinery; powder and fulminites; mechanical and structural iron work; paints; bedsteads; woollen and worsted goods; underwear; overalls and gloves; scales and rubber and mechanical rubber goods; canned meat and biscuits. The total capital invested (1918 census) was $860,468,768, the cost of materials $472,444,599, the value of products $920,621,171, the number of employees 186,678 and their wages $146,132,433. Of the larger industries Leather and boots and shoes stood in 1919 for $24,894,251 of invested capital and $41,689,124 of production; Flour milling for $12,617,753 of investment and $42,071,066 of production; Clothing for $19,943,327 of investment and $37,618,556 of production; Foundry and machine shops for $18,410,037 of investment and $18,857,382 of production. The Cotton industry had a product of $57,530,438 and that of Meat packing $10,613,712.

Mining in recent years had grown steadily in Quebec from $3,750,300 of a product in 1905 to $11,465,878 in 1915 and $20,701,005 in 1919. Of its minerals asbestos was the chief and it increased from $3,544,362 in 1915 to $10,932,189 in 1919. Other products of that year were copper and sulphur ore $447,623, Cement $4,337,572, Brick $1,179,624, Lime and limestone $1,425,017, Chromite $223,321, Magnesite $283,719, Mica $224,723, Granite $329,992. The total Mineral product of 1920 (Federal figures) was $27,722,502.

1920 Incidents of Interest in Quebec.

July 19. The position of the Church in Quebec as to the validity of certain marriage ceremonies in that Province, was elaborated by the Archbishop of Montreal (Mgr. Bruchési) in a letter written under his instructions by Rev. A Curotte, "Delegate Judge in Matrimonial Cases," as an official reply to certain enquiries from L. H. Davidson, K.C., Chancellor of the Anglican Synod. The following were the vital clauses of the document:

1. "The Catholic Church distinguishes between the sacramental marriage and its civil effects on the contracting parties. The Church claims the right to legislate in the first case, leaving to the State to decide in the second.

2. The ecclesiastical code which has been in use in the Universal Church since May, 1918, does not recognize the validity of a marriage between Catholics, or between Catholic and non-Catholic, contracted in the presence of a non-Catholic minister.

3. When a Catholic party, having contracted marriage outside the conditions of that law, comes and asks that the marriage be declared null, the Diocesan authority simply recalls the teaching of the Catholic Church and declares that before God, the Catholic Church and the conscience of one of its children, such a marriage never existed, being contracted contrary to a general law of the Church which declares it null and invalid.

4. As for the civil effects of such a marriage or of such a declaration of nullity of marriage, the Diocesan authority leaves to the competent state tribunals the task of deciding. And we always make a point of advising anyone who comes to have a marriage canonically declared null, that if the marriage is recognized as valid by the Civil Courts the Church cannot interfere in that side of the question."

July 24. Mr. Justice L. L. Loranger, while expressing his opinion that a decree of divorce pronounced by the Senate Committee of the Federal Parliament, had no legal application under the Civil law of the Province of Quebec, declined in the Practice Division of the Superior Court, to pass judgment on motion presented for W. David asking that he be relieved from a provisional order of the Superior Court that he pay an alimentary pension of $40 a month to his wife—given before the divorce was granted.

Sept. 29. Mr. Justice A. A. Brunneau stopped all proceedings and refused judgment in the Practice Court, Montreal, on the petition of Henry Fonk, a Chinaman, who sought to have his marriage to Florida Mallette annulled by the tribunal. His Lordship had decided to declare the marriage null and void owing to the fact that, the petitioner being a Pagan and respondent a Christian, there existed no marriage in Quebec law, but a casual enquiry showed the girl to be a minor and the case therefore was discharged.

The Province of Nova Scotia: Agriculture, Industry and General Development.

This Province of 21,427 square miles and not much more than 500,000 people has always cut a larger figure in Canadian affairs than would be expected from its population; partly because of its sea position facing Europe—its harbours and fisheries and natural resources and industrial interests; and partly because of the men it has produced and sent all over Canada. At this time its assessed value of taxable real estate and other property was $140,000,000 and its coal mines capitalized, on Royalty income at 4 per cent., represented $20,000,000. The Provincial estimate of its agricultural production in 1920 was $45,660,162 while the Federal statistics made it $47,816,550. The former total included wheat at $1,137,645, oats $4,352,487, potatoes $7,819,538, turnips $2,579,360, hay $23,065,660, small fruits and garden produce $1,500,000, apples $3,337,560 and small crops of barley, rye, buckwheat, peas, beans, mixed grains, fodder crops and mangels. The Federal statistics, based on market quotations, did not include small fruits or apples or garden produce and gave the values of wheat as $1.098,000, oats $4.614.000, potatoes $9,966,000, turnips, $5,368,000 and hay and clover $24,966,000. If dairy products, poultry, etc., were added to the above the total would be larger. The figures for all Nova Scotian production during three years was as follows:

Production	1918	1919	1920
Coal	$26,250,000	$25,000,000	$34,080,000
Gold and other Minerals	220,000	316,000	267,500
Coke and By-Products	6,150,000	5,771,000	4,200,000
Gypsum, Limestone, etc.	825,000	938,000	2,475,000
Building Materials and Clay products	550,000	1,888,300	2,312,600
Iron and Steel products	22,400,000	19,000,000	15,520,000
Fisheries	11,650,000	14,350,000	13,890.000
Manufactures, ships and freights.	58,340,000	56,260,000	59,100,000
Products of the Farm	42,680,314	51,034,000	49,456.500
Products of the Forest	5,400,000	16,965,000	17,390,000
Game and Furs	500,000	675,000	850,000
Grand Total	$174,965,314	$192,197,300	$199,541,600

The agricultural activities of 1920 were considerable. The N. S. Dairymen's Association held its 7th annual Convention at the College of Agriculture in Truro on Jan. 22-23, with Harold Falconer of Stellarton in the chair. A Report was submitted by the Provincial Dairy Superintendent (W. A. McKay) which stated that the number of creameries in operation in 1919 was 22 and that the butter produced was 2,092,804 pounds valued at $1,172,410 as against 1,762,364 pounds, valued at $872,328 in 1918. Dr. Melville Cumming and Hon. E. H. Armstrong gave addresses and the latter unveiled a College Memorial to 22 graduates and students who had lost their lives in the War. J. D. McKenzie, Bridgewater, was elected President. The 24th annual Convention of the N. S. Farmers' Association met in Halifax on Jan. 28-29, with President D. R. Nicholson of Sydney in the chair. The President described 1919 as one of the most prosperous years the farmers of Nova Scotia had ever had; urged that there should be more farmers, and declared that as long as only 37 per cent of the population were on the land there could not be much increase in production; referred briefly to the Farmers' movement and denied that it was of a class nature

—but as the Association was subsidized by the Government, did not think this the proper place or time to further discuss the matter; advocated better pay for the teachers in common schools and more of that kind of school. J. Howe Cox of Cambridge was elected President.

Incidents of the year included a growing improvement in dairy conditions and the possibilities of profit and the fact that there were 159,985 milch cows producing yearly 280,000 tons of milk in the Province while the value of all cattle (Federal statistics) was $21,927,000; the fact of horses in the Province being worth $8,066,000, Sheep $3,260,000 and Swine $1,395,000; the wonderful fertility and lasting richness of soil and the great crops of hay produced in the historic dyke-lands of the Bay of Fundy; the curious fact that despite all its advantages the Province had 978 unoccupied farms totalling 166,786 acres. The famous apples of Annapolis Valley were marketed in this year through most of the Provinces of Canada, in the United States and Cuba; the total in 1919 was 450,900 barrels. It was done largely under a co-operative system controlled by the United Fruit Companies of Nova Scotia, a federation of 44 local companies with an authorized capital of $200,000, of which $60,000 was subscribed. Incorporated in 1911, the Company had its headquarters in Kentville and its turnover had grown from $400,000 to $3,000,000. A. E. McMahon was General Manager. The total apple product of the Province in 1920 was 1,600,000 barrels.

The N. S. Fruit Growers' Association met at Kentville on Jan. 20 and President Shaw, in his annual address, supported the Farmers' political movement, denounced the high ocean freight rates and urged more planting of trees and greater production. Hon. H. H. Wickwire and George E. Graham of the Dominion Atlantic Railway spoke, and the latter dealt with the improvements made in rail transportation of apples and laid particular stress on the importance of putting up apples in a more careful and attractive form. He stated that the Halifax fruit dealers complained that apples from the Annapolis Valley were so unsatisfactory in respect to price and quality that they were compelled to keep Western fruit and that in 1919 Halifax received 15,000 boxes of apples from British Columbia and St. John over 18,000 boxes for this season; they were even competing in the West Indies with the Nova Scotia product. V. B. Leonard of Clarence was elected President.

Of the general situation during 1920 the Hon. G. H. Murray, Prime Minister, wrote as follows at the end of the year:* "The farmers have had a successful year, with large crops of apples, hay and roots, which were harvested in excellent

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*Note.—*Canada*, published in London, Jan. 1st., 1921.

condition. The production and sales of coal were greater by 14 per cent. than those of 1919, and prospects in the coal trade are bright. The lumber cut was greater by 50 million feet than in the previous year, and 90 per cent. of the output has been sold. In the fishing industry the catch of the deep-sea fleets of sailing vessels and trawlers was larger than in 1919, while the shore fisheries, excepting lobsters, were below normal. The steel and other manufacturing industries are in a satisfactory condition. The reason for the continued prosperity of Nova Scotia rests largely in the fact that the industries of the Province are rooted in the strong, mixed soil of natural advantage and public necessity. They are almost entirely composed of those primal productive activities that supply the basic needs of mankind."

Researches in recent years had shown Nova Scotia to possess considerable water power of a place and kind which could be developed into electricity. Cape Breton Island had, at Lake Ainslie, an effective development under way in 1920; in the Atlantic drainage area East River had an estimated capacity of 17,500 h.-p. and five other rivers a total of 156,000 h.-p.; in what was called the Valley district some smaller rivers had 49,000 h.-p. including the Gaspereau with 18,600 h.-p. There was Hydro-electric development under way in 1920 in Lunenburg County, at Sheet Harbour and Bear River, and in a number of small lakes. The most notable was at St. Margaret's Bay, Halifax, where the N. S. Power Commission had undertaken the diversion of one river into another and the utilization of the same water twice. This development consisted of two generating stations with their appurtenant intake dams and pipe lines and dams creating large storage reservoirs for conserving a water supply.

In its Fisheries of $14,000,000 production, Nova Scotia had great possibilities of development with its indented coast line and rich resources of sea fish, its many lakes and rivers and fresh-water fish; its large portion of the most productive lobster region in the world; its other supplies of cod, haddock, mackerel, herring, lake halibut, pollock, salmon, the tuna, wolf-fish, skate and goose fish; its many canneries and cold storage establishments at Canso, Mulgrave, Halifax, Lockeport and Hawkesbury. The Lunenburg fleet of 117 vessels in 1920 had a good catch of 300,000 quintals but had to face adverse competition in its Cuban markets and continued high prices for outfitting and supplies. The estimated value of the lobster catch was $7,300,000 and the prices good. There was an investment of $17,000,000 in Provincial fisheries with 30,000 persons employed in them. Taking the deep-sea fisheries as a whole, the year was successful while the product of the shore fisheries—with the exception of lobsters—was under the average. All branches of the industry (fresh, salted, and smoked) showed a production equal to 1919 but with a lower range of prices.

The output of coal in 1920 was about 5,600,000 tons compared with 5,004,757 tons in 1919 or an increase of 14 per cent.; sales amounted to 5,082,230 tons as against 4,459,647 tons in the previous year or an increase of the same ratio. According to Federal statistics the total mineral product of the Province was valued at $23,445,215 in 1919 and $30,187,533 in 1920 or an increase of 28 per cent. The demand for coal was very great, the trouble was with production and chiefly labour—many underground workers not having been replaced at the close of the year. This curtailed production and arrested development work for the future; miners' wages were largely increased but the output per man remained stationary.

Nova Scotia coal was bituminous, especially suitable for blast-furnace coke, gas and steam, and its areas—Sydney coalfield on Cape Breton, the Inverness, Pictou and Cumberland fields—with the exception of a small deposit of Rhode Island anthracite, stood alone on the Atlantic seaboard of the continent. The coal area was estimated at 1,113 square miles and the resources in coal at 8,730,000,000 tons. The chief element in production was the Dominion Coal Co. with an estimated 3,700,000 tons and the N. S. Coal and Steel with 625,000 tons; the latter Company acquired the Acadia Coal Co.—product 402,000 tons—during the year and all these Companies being also merged in the British Empire Steel Corporation. During the latter part of the year a strike of the 12,000 miners of United Mine Workers' District 26 seemed inevitable and two strike votes were taken—one refusing to accept the recommendations of a Federal Commission. Eventually, a Conference at Montreal settled the issue on Nov. 8 and averted complications of a most serious nature. Smaller strikes, however, had occurred during the year.

During the fiscal year of 1920 (Sept. 30) the coal production was 5,680,000 tons, the gypsum quarried was 175,000 tons, 18,350,350 brick and 1,164,270 lineal feet of tile were produced, limestone totalled 250,000 tons and building stone 8,090 tons. Gold production was negligible but the Montague Gold Fields, Ltd., continued operations in development—putting in electrically equipped plant and preparing for work on a large scale. Their ore averaged about $40 per ton and they were said to have 50,000 tons of ore blocked out. A deposit of orthoclase feldspar was discovered north of St. Margaret's Bay Road, about 6 miles from Halifax, and was under development. The production during this year of pig iron was 280,500 tons and steel ingots 361,700 tons; the coke production was reported as 382,600 tons and its by-products included ammonium sulphate 6,023 tons, benzol 236,500 imperial gallons, toluol 107,500, solvent japtha 37,400, and tar 4,600,000 imperial gallons. The iron ore imported was stated as approximately 600,000 tons and the ferro-manganese imported 7,800 tons. Tests continued to be carried on in the rich deposits of oil shale for which Nova Scotia was known and Pictou County alone was said to possess 500,000,000 tons of workable shale with deposits of 80 to 100 feet in thickness as proven by bore-holes 1,000 feet deep. The tests so far carried out showed that this shale would yield from 30 to 40 gallons to the ton as well as a large percentage of sulphate of ammonia and other valuable by-products. A deposit of salt was discovered in Cumberland county of immense depth and extending for upwards of 100 miles. The salt was combined with potash, an asset to whose possibilities there was no limit.

In the Lumber industry the total production was 350,000,000 feet valued at $12,250,000 and exceeding the normal cut by 50 million feet; at the end of the year about 90 per cent. had been sold and 60 per cent. shipped. In June Hon. O. T. Daniels, Attorney-General, estimated the Forest wealth of Nova Scotia at $19,500,000 including the present value of cordwood for consumption as $5,000,000. Industrial progress during 1920 was excellent and the chartering of the B. E. Steel Corporation was, of course, a most discussed subject; it took its incorporation from the Province as its two great subsidiaries—the Dominion Steel and the Nova Scotia Steel and Coal—had done many years before. The Fee paid to the Province was $75,000 and the importance of these industries was shown in the 1920 payroll of the Dominion and Nova Scotia Companies which totalled $25,000,000, with other coal concerns making $4,000,000 more; the royalties paid by them to the Provincial Government in 1920 were $697,000 and in 1919 $600,000. They employed 25,000 men. Official statistics are not available for 1920 but the 1919 Census showed $133,262,649 invested in the industries of the Province and a production totalling $160,409,890 with materials costing $93,540,657; the number of men employed were 29,036 and the salaries and wages paid were $24,814,229. The Imports of the Province in 1920 were $33,057,422 and Exports $78,029,938.

Nova Scotian Government, Legislation and Politics in 1920.

The Hon. G. H. Murray had been Premier of this Province since 1896 and during all that period had received no serious check from the electorate or the Legislature; the confidence of the people, as politically expressed, was rather remarkable. At the beginning of this year the Premier was also Provincial Secretary and Treasurer, the Hon. O. T. Daniels was Attorney-General and Commissioner of Crown Lands, Hon. E. H. Armstrong was Commissioner of Public Works and Mines and Hon. H. H. Wickwire, Minister of Highways. The Legislature contained 24 Liberals and 10 Conservatives—the latter under leadership of W. L. Hall, K.C. A question which attracted some political attention and Conservative criticism was that of the Highway Board. Mr. Wickwire had taken up the matter of better roads and on Mch. 19 submitted to the Legislature his annual Report and two Bills embodying a new and elaborate policy of construction. One authorized a Loan of $8,775,000 for the construction of highways and purchase of road machinery and the other authorized the Government to borrow $2,250,000 for the improvement of Roads coming under the Federal Highways Act and agreement with the Province.

The Minister reviewed the subject in a lengthy address and, after dealing historically with the question of roads in Nova Scotia since the days of the pioneers and eulogizing the Highways Board, appointed under the Act of 1917, as comprising the best class of men in Nova Scotia, independent men who had given time and thought to the consideration of the road problem, he dealt with the duties and difficulties of the Board and stated that in its two years of existence, in spite of financial and other handicaps, it had made great progress and had furnished many localities with a type of highway that they had never hoped for. Mr. Wickwire then elaborated his new programme as being an outcome, in part, of the Federal Highways Act. It involved a five-year arrangement and the co-relation of the Federal-aided Highways and the Provincial road system.

The total expenditure per annum would be $2,605,000 and for the five years $11,025,000 with, in addition, an allowance of $100 per mile per year to maintain Class I roads and $50 per mile per year for Class II roads. Heretofore this expenditure had been under $30 per mile. He claimed that at the end of this period Nova Scotia would have a greater percentage of her mileage in good condition than the United States' average. The difficulties were considerable. Massachusetts, which had approximately the same mileage as Nova Scotia, had a Motor Fund of $3.500,000 annually, whereas that of the Province was only $150,000. Quebec, with double its mileage, had an Automobile Fund of $1,000,000. Climatic conditions were also detrimental, as were the innumerable water courses, which necessitated the building of bridges and culverts and so with the large distances between centres which were separated by wild land that did not produce revenue. As to the Highways Board he denied that its overhead expenses had been excessive; they were 10·6 under the old system and now only 6·7 per cent. Mr. Wickwire also stated that these plans involved the division of his Department into two branches, one for the exclusive control of road construction and maintenance, the other for looking after bridges only—these bridges, under current rates of construction being worth twice the original investment of $4,000,000.

Mr. Hall and the Opposition did not seriously criticize the proposals—except as to the point of giving too much power to the Highways Board. The composition of the Board at this time was as follows: W. G. Clarke, Bear River, (Chairman); Walter Crowe, K.C., Sydney; Col. Thomas Cantley, New Glasgow; Percy C. Black, Amherst. J. K. Kellehar of Halifax was Secretary and J. W. Roland Chief Engineer. This Highway policy was, of course, made much of in the Elections and there also, was a good deal of political criticism of the Board and its administration. A non-political reference to the subject was made by Dr. P. E. Doolittle of Toronto in several speeches on good roads in which he told the people of the Province—Halifax, May 3rd, and other dates—that Nova Scotia had a gold mine and it was up to her to work it. He thought that Grand Pré and the "Land of Evangeline" would become a veritable Mecca for motoring Americans if the great opportunity was taken advantage of. By the autumn the Board had 3,000 men at work on road construction with $1,500,000 being spent on contracts for semi-permanent highways; 100 engineers, draughtsmen and surveyors were applying their scientific knowledge to this work and to the carrying out of the bigger projects in hand.

Meanwhile, differences had developed between the Department of Highways and the Board—the latter having been appointed in 1917 to take the roads out of politics and to ensure, so far as possible, better roads and well-managed ones. After this the Department had been organized with a Minister responsible to the Legislature and the people for the administration of the roads. Hence the friction which no doubt was enhanced by the larger expenditures and bigger projects under way. In a letter published on Sept. 3rd P. C. Black of the Board wrote to the Chairman as to certain engineers and Board officials that they were not serving the Board as such; that contracts involving the expenditure of hundreds of thousands of dollars were let, directly against the wishes of the Highway Board members and on certain specified occasions the Board was not even consulted; that a lack of co-ordination and "unity of command" between the Department and the Board was apparent with, Mr. Black declared, a desire to make the Board "a rubber stamp." He went on to state that the costs involved in certain stretches of road-work absolutely amazed the Board members. The St. Margaret's Bay Road, for example, 18 miles of work, estimated to cost $211,000 would cost, in its finished state, something like $650.000. As to this and other matters Mr. Black concluded: "I absolutely refuse to be a shelter for actions of which I have no knowledge, and for which I am not responsible."

Following this Colonel Cantley and Major Crowe tendered their resignations to the Chairman, and he submitted his own to the Government while the other members and the Secretary sent theirs in also; Mr. Premier Murray announced that he would deal promptly with the situation and the Opposition press made the most of it with the charge that the Government had tried to force political control upon the Board and control its patronage. Mr. Clarke, on Sept. 4, wrote to the Premier again urging that these resignations be accepted and the Government left with a free hand to adjust matters: "It has been borne in upon the Board for some time that the present arrangement was not conducive to the best interests of the Province, inasmuch as the Board met but rarely and in the interim had no representative in Halifax, who might be consulted in regard to such matters as were, under the Act, committed to the care of the Board." He added that, in reference to certain contracts and rumours concerning them, the Board had under way an arrangement with A. W. Hendry, C.E., to make an independent report regarding them; the auditor also had been asked to investigate details of certain purchases.

In his reply of Sept. 9 the Premier stated as to the questions of expenditure raised by Mr. Black and mentioned by the Chairman that: "It is abundantly clear from the provisions of the Public Highways Act and of the Acts under which the money was borrowed that these expenditures could be made and these contracts entered into by the Board only; moreover the Chief Engineer and other Engineers, Officers and Assistants necessary for the due administration and carrying out of the provisions of the Act were, as provided by the Act, appointed by the Board, and can be dealt with by the Board only." He added that it was not in the interest of the public to accept the resignations and that the Board should proceed promptly and thoroughly with its proposed investigations. After careful consideration of this letter the Board announced on Sept. 25 that the members would, with the exception of Colonel Cantley, reconsider their resignations but would request and expect the Government to appoint "an independent Commission of high standing" to thoroughly investigate all acts, purchases, transactions and contracts of the Board and its officers."

On Oct. 13 a Royal Commission was gazetted to enquire into matters relating to the construction of Federal Aid Roads in the Province, the purchase of machinery and other materials by or for the Provincial Highway Board and other matters specified in the correspondence. It was composed of Mr. Justice H. Mellish of the Supreme Court (Chairman), Judge Allan Macdonald of Antigonish County Court, and F. W. W. Doane, City Engineer of Halifax. At the Enquiry, which proceeded for a month, the Board had Counsel as did certain private interests and some political interests—the latter represented by C. H. Cahan, K.C. The Government was represented by Hon. A. K.

Maclean, K.C., who, on Nov. 4, contended that the Highways Act placed full control in the hands of the Highways Board and, so far as administration of the Act was concerned, there was nothing left to anybody except to members of the Board. He read Section 15 of the Act of 1917: "Subject to the approval of the Minister, the Board may expend such sums as it may deem advisable upon the construction, maintenance and repair of any highway, and may enter into contracts of agreements for such construction, maintenance or repairs."

This was the Government's position as, indeed, Mr. Murray had already stated in his letter to the Chairman. On Dec. 7, after prolonged enquiry had taken place, Mr. Maclean made this emphatic statement: "I may say that the Board absolutely neglected a great trust that was placed upon them. I do not think any body of men in a public position ever left themselves open to greater or more serious censure than they have." The political element appeared in this connection and Colonel Cantley on this same day read voluminous correspondence, setting forth his position; W. G. Clarke, Chairman of the Board, gave a history of the difficulties as they occurred from time to time in the administration of the Highways and claimed that Mr. Wickwire, as Minister, usurped the powers of the Board—opening tenders and awarding contracts without reference to it. A series of letters and protests in this respect were submitted to the Commission.

As to this it transpired that F. M. Clark, Assistant Engineer, had in each case sanctioned the awarding of these contracts and that there were no weekly reports as to progress-estimates of the work. On Dec. 10 came the announced re-organization of the Highways Board with the Chairman to give his whole time to its administration. Alex. S. MacMillan, Antigonish, was appointed member and Chairman while Mr. Clarke, who was unable to devote his whole time to the matter, remained on the Board as did Percy C. Black. The Secretary was not changed but the Board dismissed its engineers, J. W. Roland and F. M. Clark, together with the office and field staffs totalling 75 persons—the notice to take effect after Jan. 31, 1921, the Commission also adjourned until the ensuing year.

The Board of Commissioners of Public Utilities was a body with important functions which reported to Mr. Murray as Provincial Secretary; its members were John W. Ross and R. T. MacIlreith—no successor to P. R. Colpitt was appointed in 1920. The number of utilities under the Board in 1919 was 301 of which Telephone concerns numbered 223, Electric 37, Water 35, Tramways 5 and Gas one; in 1920 the total was 298 of which 215 were Telephone Companies, 42 Electric, 35 Water, 5 Tramways and one Gas. In the former year the Commissioners reported that "a continued and insistent demand" was made for higher rates while at the same time the public demanded improved and more extended services.

The same process continued in 1920 and this comment was made: "The constant clamour raised against Public Service corporations undoubtedly makes financing more difficult and has everywhere had the effect of causing the man with capital to look askance upon public utility investments and securities." During the year 8 new incorporations were approved while the expansion of Telephone systems continued and the Board concluded its 1920 statement by saying that it had endeavoured during this difficult and unsettled period to compel such service and to fix therefore such rates as would be fair and just alike to the utilities and their customers. In the Report upon Rural Telephone Companies rapid progress was shown since 1913 when there had been 29 companies, a wire mileage of 286 with 282 telephones; the figures for 1919-20 showed 160 companies, 2,126 of wire mileage and 2,831 telephones while the population served had grown from 38,250 to 85,000.

The Annual Report of the Workmen's Compensation Board for 1919—issued in 1920—showed that the number of fatal accidents were less than half those of the two previous years. It was stated that the Board made assessments during the year amounting to $1,038,551 which, with adjustments of payrolls of $104,000, made a total of $1,142,551 or $206,863 less than in 1918. The chief reason for the reduction was a lowering of the rates in some of the main industries. At the close of the year the Board held investments amounting to $2,233,026 as compared with $1,579,031 at the end of the previous year. The N. S. Power Commission exerted every effort to develop electric power at St. Margaret's Bay, near Halifax. It expropriated property belonging to the Halifax Power Co. and arranged to spend $1,000,000 in development work with the funds to be raised by the Commission under bonds guaranteed by the Government. The whole scheme was to give an estimated power in Halifax of 12,000 horse-power. The Commission also worked on the development of the Sheet Harbour site, from which the mining towns of Pictou were to be supplied with electrical energy. This was to be commenced before the completion of the Halifax scheme and the power to be developed was almost equal to that estimated for Halifax. In both cases the cost of the hydro-electric energy was expected to amount to about one-half the cost to the N. S. Tramways and Power Co. of their existing system of power development by steam. Mr. Armstrong, Commissioner of Public Works, stated on April 20 that 11,075 horse-power brought from St. Margaret's Bay, at a price of one cent per killowatt hour would be available to industry in Halifax City at the close of 1920.

The Legislature was opened on Mch. 4 by Lieut.-Governor

MacCallum Grant with a Speech from the Throne which referred to the Treaty of Peace and the visit of the Prince of Wales; described the past year as, generally speaking, one of the most prosperous in the history of Nova Scotia with agricultural crops of all kinds giving large returns to the farmers and the fruit yield more than double that of 1918; mentioned the increasing influence of the N. S. Agricultural College and the splendid spirit of co-operation for the betterment of farming and the marketing of products which was manifest, and was being sedulously fostered by the Government; specified the coal and iron and steel industries as returning to normal conditions and the shore fishermen as having never before enjoyed such rich rewards for their labour while forest products had increased in value; declared the policy of the Government to involve a further increase in salaries to school teachers and noted the increasing attendance at evening technical schools.

His Honour stated that the Government had under consideration an exhaustive report from the Provincial Highway Board, outlining a programme for the expenditure of large sums on all classes of highways and promised legislation in this direction; described the work of the Provincial Power Commission and, especially, the progress made at St. Margaret's Bay, near Halifax; stated that the free medical and surgical aid and free hospital treatment for a period of 30 days, provided under the Workmen's Compensation Act, had come into force and had already proved a boon to the workmen of the Province; referred to the re-organization of the Public Health work, the division of the Province into health sections and appointment of an additional Medical Health Officer as well as a Provincial Inspector of Health, with the hope that the work would soon be made more effective by the establishment of County health clinics; stated that a Report by the National Committee on Mental Hygiene would be prepared and a mental survey of the Province made; promised co-operation with the other Governments in devising means to co-ordinate and unify the Labour laws of the Provinces and Dominion; announced a Plebiscite on the importation of intoxicating liquors and a Report from the Commission on Mothers' Pensions and Women's Industrial hours of labour.

The Address was moved by Lieut.-Col. J. L. Ralston, C.M.G., D.S.O., of Cumberland, and seconded by D. A. Cameron, K.C., of Sydney, and passed in due course. Mr. Murray, the Premier, was absent through illness; the death of Hon. M. H. Goudge, Member of the Legislative Council for 36 years, was much regretted and his successor as President of that body, Hon. J. M. Mack, K.C., asked the members on their first adjournment, to sing the National Anthem—"as he would have liked them to do." In the Upper House or Council the Address was moved by Hon.

H. C. LeVatte and Hon. A. C. Covert. During the ensuing Session the outstanding legislation was in the Bill providing a ten million dollar programme for Highways improvement; a Resolution demanding compensation for the Western School Lands; an increase in pay for school teachers; the fixing of the Plebiscite to settle the importation of liquor question; facilitating the merger of the Dominion and Scotia Companies; the Bill providing for a 7 cent tram fare in the City of Halifax; the measure establishing a minimum wage in industries for women. Altogether 235 Bills were introduced and 229 assented to.

Minor legislation provided for the incorporation of the Baptist Temple, Halifax, a measure to prevent unregistered dentists from practising, an Act incorporating the Engineering profession, amendments to the Towns' Incorporation Act providing for the borrowing of money for school purposes and changing the maximum from $6,000 to $9,000, or the alternative percentage of the assessment from one to one and a half per cent. The Workmen's Compensation Act amendments provided for an increase of 50 per cent. in the pensions of dependents through fatal accidents, and an increase from 55 per cent. to 66·4 per cent. of a man's wages to be paid him as compensation for injury, both effective on Oct. 1st, 1920. Mr. Armstrong, Commissioner of Mines, carried amendments to the Crown Lands Act which, under changes made by what was incorrectly termed the Cameron Act of 1918, had taken away certain individual mineral rights and caused confusion. Another measure passed was one abolishing private employment agencies and substituting central employment bureaux controlled by the Province in order to prevent overlapping and bring employer and employee more closely together; the Hydro-Electric Commission Act was amended as to compensation in cases of expropriation; another Bill proposed to encourage the smelting of iron and steel from native ores within the Province by authorizing the Government to grant a rebate of the whole or part of the royalty paid on coal used in the making of iron and steel where 50 per cent. of the ore was mined in the Province; the Motor Vehicle Act was amended to provide for slowing down speed when turning corners with further clarification of traffic rights of way, and the impounding of a motor vehicle if the owners had thrice violated the ordinances.

Amendments were made to the Towns' Incorporation Act to prevent a citizen from being deprived of his vote in any important matter affecting the town because of arrears in taxes. The amendments to the N. S. Rail and Tramway Act not only established a seven cent fare in Halifax for two years but authorized the creation of a Commission of three to report to the Legislature in 1922 as to reversion to a five cent fare at the end of that period. By amendment to the Agricultural Societies

Act the Government grant was increased from $15,000 to $20,000; the total Agricultural estimates for 1920 were $111,450. The N. S. Old Home Summer Commission was incorporated, the Acts relating to the Electoral Franchise were amended and consolidated, the Costs and Fees Act was amended to permit of higher fees for barristers and registrars.

Meanwhile, on April 14, J. C. Tory had introduced and the Legislature approved, after discussion, a Resolution in favour of the immediate calling of a Conference of representatives of Nova Scotia, P. E. Island, and New Brunswick, to formulate a plan for dealing with and settling, if possible, the complicated issues involved in the demand of the Western Provinces for possession of their School lands, etc.; in the recently developed demand of the Maritime Provinces for counter compensation in that respect and for cash subsidies already paid the Western Provinces in lieu of lands; in the claim for compensation, also, as to the lands ceded to Ontario and Quebec, in which the Maritime Provinces were said to hold a proprietary interest and for the non-observances of provisions affecting the Maritime Provinces as set forth in the B. N. A. Act. In his elaborate speech, Mr. Tory pointed out that the Federal Government had years ago purchased a billion acres of land in the West, of which one-eighteenth was retained as School Lands for the Western population.

The Government paid $1,500,000 for the land, but it since had spent $86,000,000 on it, to promote immigration with a total return of only 40 millions. Nova Scotia had paid its share of this outlay, and Mr. Tory estimated that the total Federal payments to the three Provinces, together with credits and the value of unsold land to date amounted to $57,000 000 for Manitoba, $79,000,000 for Saskatchewan and $62,000,000 for Alberta. He asked that a credit be given to Nova Scotia equal in proportion to those given the Western Provinces, which would amount to $8,917,000, and that Nova Scotia should also share with the other Provinces in the sale of the remaining lands, which should ultimately give it a total credit of $65,000,000 for educational purposes. The House was prorogued on May 22 and His Honour congratulated the members upon their legislation.

The finances of the Province were dealt with on April 29, when Mr. Daniels, as Acting Provincial Treasurer, made his Budget Speech in the House. For the fiscal year ending Sept. 30, 1919, the Provincial revenue totalled $3,280,313 and for the first time had exceeded the three million mark; for 1920 it was estimated at $4,008,132 or eight times what it was at Confederation in 1868. The estimated expenditure for 1920 was $3,920,821. It was possible that in the current year they would receive $300,000 under the Federal Act appropriation for Highways; in reference to the $200,000 expected from the Theatre and Cinematograph Tax he stated that the theatrical business on this continent for 1919 had aggregated $800,000,000 in value and this source of revenue promised to be increasingly important—the Provincial yield in 1916 was $1,200 and in 1919 $143,000; he expected $200,000 from Succession Duties but the amount might be larger; as to Motor Vehicles and taxes he counted on $50,000 for initial fees, $180,000 in annual fees, $10,000 in chauffeurs' registrations, and $500 in fines or, in all, $240,000—in 1914 the revenue from this source had been $11,996. As to expenses, Mr. Daniels said little except to call attention to one item providing $25,000 for cost of living bonuses to employees. On May 17 tenders were opened for a $3,000,000 issue of 5-year 6 per cent. bonds and the price accepted was 101.19 with interest payable in Halifax funds for $2,200,000 of the amount and 91·21 and interest payable in New York funds for the balance of $800,000. On Nov. 10 tenders for $2.000,000 6 per cent. debentures were received and the Government accepted the Dominion Securities Corporation price of 102·02 payable in New York funds.

As in other Provinces, the Prohibition question was an issue of the year; Temperance legislation and prohibition efforts had long been a political factor. Outside of Halifax the law was one of nominal prohibition but with many complaints as to non-enforcement. In the Assembly on May 7 Hon. R. M. MacGregor explained the amendments to the N.S. Temperance Act which he introduced as involving the appointment of a Board of Commissioners to control the import and sale of intoxicants; the abolition of the vendors in rural municipalities and the making of any future appointments subject to the approval of the Government; the application of all fines for violation of the Temperance Act toward expenses of administration. An amendment which carried was moved by R. H Graham and it abolished the Commission for appointing vendors in Halifax and placed the appointment in the hands of the City Council. D. A. Cameron, K.C., claimed that it was not wise to go too far in the matter of Temperance or a reaction might set in. He claimed that temperance legislation in Nova Scotia was ahead of the actual sentiments of the people.

A Bill was also passed asking the Dominion Government for a Referendum on the question of importing liquor and this vote was taken on Oct. 25. The campaign was without special excitement and the opposition was weak. Majorities in favour of stopping importation were recorded in every section except Halifax, Dartmouth and Woodside, where the negative won by 1,094, 114 and 216, respectively. The majority over the whole Province was 53,548 in a total vote cast of 107,296. Prior to the date of the Referendum, Nova Scotia people imported an immense amount of whiskey—from the British Isles, from the West Indies, even from St. Pierre, while from Montreal it literally poured into Halifax; during the contest *The Casket*, an influential Roman Catholic organ, urged support of Prohibition on the ground of improvement in public morals wherever it had been put in force, and this helped the majority vote.

It was announced that 660 immigrants came to the Province during 1920 and that 17 settlers purchased farms, with capital in hand of $69,300 while others possessed $106,000 of capital. The Public Health Department under immediate direction of Dr. W. H. Hattie, Provincial Health Officer, and with the co-operation of the Red Cross Society, did splendid work during the year including the enlargement of the Victoria General Hospital, the erection of the Maternity Hospital at Halifax, the opening of such institutions as the Dawson Memorial Hospital at Bridgewater and additions to almost every refuge for the suffering in the Province; the opening of the Health Centre in Halifax, the first of its kind in America, the inauguration of the Red Cross Health Caravans which toured many parts of the Province in the summer, and the establishment of County Health Clinics. On May 30 a great fire at Londonderry, driven by high winds, practically swept clean everything in its path including churches, schools, houses and business buildings to a value of $250,000. During the summer John Howard, for 28 years Agent-General of the Province in London, spent 5 months at home and was given a public dinner by the Cabinet and Members of the Legislature; the appointments of the year included Walter J. O'Hearn as additional Stipendiary Magistrate for the City of Halifax; Alastair Fraser of Toronto to be a King's Counsel; Dr. J. A. Doull to be Provincial Inspector of Health, Margaret E. McKenzie to be Superintendent of Nursing Service, and Dr. H. A. Chisholm to be Divisional Medical Health Officer.

Formation and Progress of the United Farmers of Nova Scotia.

At Kentville on Jan. 29, 1920, after the close of the yearly Convention of the N.S. Agricultural Association, most of those in attendance, to a total of 100, held a meeting to consider the platform and policy of the Agrarian organizations in Ontario and the West. The following Resolution was unanimously passed: "That the farmers of Nova Scotia assembled in mass meeting form a new political party along the lines of the United Farmers of Ontario and the Farmers' Associations of the West, as well as of New Brunswick." W. O. Creighton of Pictou was elected Chairman, delegates were appointed to the coming Convention of the United Farmers of New Brunswick, and an organization meeting was arranged for April 14 at Truro after F. A. Chipman, Secretary, and a Committee of five, had felt the pulse of the Province.

A gathering of about 300 was the result with H. L. Taggart of Fort Belcher as Chairman. After confirming the Kentville Resolution, it was decided to adopt the constitution of the United Farmers of New Brunswick as a temporary one for Nova Scotia. J. J. Morrison of the U.F.O. addressed the Convention and predicted the coming day when the farmers would be a national unit from all the Provinces and there would be fully developed a class consciousness which would express itself in political representation. G. G. Archibald of the *United Farmers' Guide*, Moncton, N.B., also spoke and his journal was made the official organ of the U.F.N.S. A Resolution was approved condemning any Provincial enactment of an 8-hour day and an Independent Labour Party delegate was heard but with divergent expressions of opinion as to united action and the leaving of the matter to the Executive. By another Resolution the New National Policy platform of the Canadian Council of Agriculture was adopted unanimously after copies of the document had been circulated in the Convention. Mr. Taggart was elected President with A. E. McMahon of Kentville and D. R. Nicholson of Coxheath as Vice-Presidents; organizing Committees were appointed for all the Counties of the Province and the work of these bodies was actively pressed.

On June 10 the Board of Directors met at Truro to discuss the course to be pursued in the pending Provincial elections and to draft a definite platform. Though in certain Counties there was a desire to participate as an organization in the coming campaign, the Executive, in view of recent formation and lack of experience decided that "no action be taken looking to the placing of Provincial candidates in the field." It was, however, decided to lay down a set of principles for the guidance of local organizations which might desire to take part in the campaign. These may be summarized as follows: (1) An advanced Agricultural policy; (2) higher salaries to school teachers; (3) an extension of the Agricultural education in the Provincial College at Truro and in rural schools; (4) improved Provincial roads and taxation on a more equitable basis; (5) reforestation and conservation of natural resources; (6) legislation extending the Co-operative principle in trade; (7) abolition of the Legislative Council, or second chamber, in Nova Scotia; (8) sixty days' notice of the date of Provincial elections; (9) absolute or "bone-dry" liquor legislation.

At a meeting of the Canadian Council of Agriculture in Winnipeg, on July 13, it was decided to admit the U.F.N.S. to membership in that body. In the Provincial elections of July 27 six candidates, endorsed by local branches of the U.F.N.S. were elected to the Legislature including President H. L. Taggart and D. G. McKenzie, President of the Cumberland branch. At the Federal by-election in Colchester it was decided to run a

Farmers' candidate against the newly-appointed Minister (Hon. F. B. McCurdy) and Capt. Hugh A. Dickson, M.C., of Onslow, a member of the U.F.N.S. directorate, and President of its Colchester branch, was nominated; after a strenuous campaign in which the Labour party aided Capt. Dickson, the latter was defeated on Sept. 20. Following this, the organization of County branches was pressed, with strong appeals for membership and, in order to give a firmer basis to the new body and also to help reduce the cost of living, it was resolved at a meeting of 100 farmers held at Truro on Nov. 8, to establish a series of Co-operative stores on the lines of those already existing in New Brunswick and to co-operate with the U.F.N.B. in the development of "one strong chain of farmers' co-operative stores" in the two Provinces with the Head Office of the Company located at Moncton and operated under Federal Charter by the name of "United Farmers' Co-operative Company of the Maritime Provinces."

General Elections and Return of the Murray Government in Nova Scotia.

The return of the Murray Government was expected in 1920 but, at the same time, there were some disturbing and doubtful factors. Despite its record of cautious and honest administration and its victory in 5 successive general elections, a Government in power for 24 years was bound to have enemies and complications; then there was the general unrest which already had affected the farmers—usually the most conservative element in the population—and there were labour troubles and strikes on the horizon. The Conservatives only held a third of the Assembly but if they held this strength and combined with the farmers, they might, of course, elect enough members to defeat the Government. So the politicians argued and hence the interest in the contest which came suddenly on June 29 with the Election day set for July 27 and the issue, at the same time, of a Manifesto reviewing the policy and record of the Government.

In this document the Hon. G. H. Murray first thanked the people for their long-expressed confidence in him and his administration; pointed out the absence in recent years of party strife and rancour from the proceedings of the Legislature; declared that since the War closed the Government had contributed in a very considerable degree to the solution of problems affecting the returned soldier, and "has assisted his re-establishment in civil life in various ways, in giving employment to and securing it for him, but especially by the utilization of various Provincial institutions"—such as the N.S. Technical College, the Agricultural College, the N.S. Hospital and the N.S. Sanitarium. In finance, always an intricate matter, the Premier was able to say that the situation had never been more satisfactory—despite the disappointing returns from coal royalties in recent years and increased demands for expenditure; revenues had shown "a steady and gratifying increase in other directions" with more than $4,000,000 as the current year's total.

This had enabled the Government to enter upon new fields of Provincial activity and to provide more liberally for the public services: "The flotation of a recent Loan to take care of maturing obligations, and to provide funds for Highway construction on terms considerably better than those obtained by sister Provinces, is an evidence of careful administration, and is a gratifying indication of the stability and soundness of our financial position." Reference was then made to the Highway policy, the appointment of a Board and responsible Minister to look after it and the projected Road expenditure of $11,000,000 in the next five years, together with current expenditures, for maintenance, of over $5,000,000 and receipt of Federal assistance totalling $1,500,000 in the same period: "In no Province or State has so ambitious a road programme ever been undertaken, nor does any other Province or State attempt to deal with the road problem in its entirety." The water-power investigation was mentioned together with the Government action taken to acquire these powers, and its legislation creating the N.S. Power Commission; the work of the latter in developing electricity, by utilizing water-powers or other sources of energy was described, together with the current results of cheaper power for the City of Halifax and the important manufacturing and farming districts of Pictou.

The Premier reviewed the steps taken to increase teachers' salaries by increasing the Municipal school grant and augmenting Provincial aid and stated that the School Book Bureau had been operated most successfully and had effected a very substantial saving to the people. As to Labour the present Workmen's Compensation Act had a record of four years' successful operation and, Mr. Murray claimed, had been administered impartially and had afforded relief in 15,035 cases and amongst a variety of occupations, while at the beginning of the present year free medical aid and hospital treatment were extended to all classes coming within the scope of the Act. At the last Session of the Legislature the benefits to widows and children had been increased by 50 per cent. As to the 8-hour day question he felt that legislation, when enacted, should apply to the whole country and it seemed doubtful at present whether jurisdiction lay with the Federal or Provincial authorities.

The Department of Agriculture and its work were eulogized in respect to the thoroughly equipped and efficiently-conducted College at Truro and to its own Short Courses and its county representatives in every part of the Province: "It can be said, without possibility of contradiction, that the farmers of Nova Scotia have never made any request of the Government which has not received a generous response. Every effort has been made to encourage an increased production." Practical assistance had been given. An abundant supply of fertilizer was secured by the Government, grain mills were assisted, bonuses were paid for the purchase of various labour-saving devices, and loans for obtaining seed were made where such were required; increased grants had been made to agricultural societies and every encouragement given to horticulture as well as to the procuring of pure-grade stock.

The policy of aiding technical education was said to have been splendidly vindicated: "Nova Scotia was the pioneer Province to establish a comprehensive system of industrial education which would offer technical training for all kinds of industrial workers throughout the Province. Our Technical College at Halifax is regarded not merely as a Provincial institution but as a national asset, and, in recognition of this, the Province is sharing largely in the grant for Technical education made by the Dominion Parliament. During the War the College gave leadership in various important directions." In the matter of Public Health much was said to have been done—the appointment of district health officers and the establishing of county clinics; generous contributions for the aid of local hospitals in various centres; great extensions to the equipment of the N.S. Sanitarium at Kentville with the assistance of the Federal Government; increased and improved accommodation at the Victoria General Hospital. Reference was made to the current official Enquiry as to feeble-minded in the Province while the Government was considering the creation of a Prison farm for those serving short terms in gaol.

The Minimum wage legislation of the past Session was mentioned: "A Commission is now investigating further the conditions of female employment and the question of providing Nova Scotia with a system of Mothers' allowances. When the work of the present Commission is concluded, a practical scheme will have been evolved." Mr. Murray added at this point that "the action of the Government in vesting the titles to all the minerals of the Province in the public on fair and equitable terms meets with general approval and is calculated to give a new impetus to the development of our mineral resources." He reiterated his approval of the proposed Maritime Conference as to Provincial claims re Western lands and cash subsidies: "I deem this matter of the very highest importance, and shall press our claims with the utmost vigour for re-adjustment of the Federal subsidies on such a basis as will give to Nova Scotia a fair compensation for the alienation of vast territories in which our Province had a proprietary interest." The Manifesto concluded with an expression of pride in his political record and hope for a renewal of popular confidence.

The other side was not so strongly put and there were no scandals to give the contest a flavour which had been too common in past Canadian elections. The Halifax *Herald* put up a vigorous Conservative fight but it found that dissatisfaction with all Governments had not become so marked in Nova Scotia as elsewhere and that, despite the work of a section of Farmers and returned soldiers and Labour organizations, there was unusual difficulty in conducting the campaign. Still, it was hopeful. W. L. Hall, K.C., Leader of the party in the Assembly, issued an appeal for popular support and first claimed that the Government had "deliberately set a date (for the election) in the busiest season of the farmers and fishermen, hoping to prevent their active participation in the campaign." He charged that the Election had been called "a year earlier than necessary" and urged that all who desired a change of Government should give the Conservative Party their co-operation and support. Mr. Hall then made this statement: "The present Government (including W. T. Pipes and W. S. Fielding) has been in power for 38 years. During this period the Province has not made the progress in wealth or population which its splendid natural resources and the character of its people would warrant. The Government has been forced by strong popular demand to enact some progressive legislation during its long term of office but it is not a progressive Government and under its administration Nova Scotia has not developed commensurately with her opportunities." He concluded by saying that if returned to power he would form a Government "of the strongest men available."

On July 10 the Independent Labour Party, Nova Scotia Branch, published a Manifesto addressed to the men and women of Nova Scotia which began by declaring that "the Leader of the Government outlines no policy for the people to settle, contenting himself with pointing to acts achieved and others so far advanced that no pronouncement from the public can stop their progress." Either he did not intend to introduce new measures or, if he did have that intention, preferred to do it without consulting the people! As to the Opposition: "It has raised no effective voice against tactics which have left seats throughout the Province vacant for months running into years, and but a futile stage gesture against the Government's attempt to secure a snap verdict by springing the elections on insufficient notice." The I.L.P., on the other hand, declared that it wanted the people to know and approve its policy. The first duty of the Government of any State was said to be the ensuring of "proper shelter, food and clothing" to the people. The following extracts indicate what the Labour policy to this end was:

1. *Housing*—We believe that the Government should build, itself, or through Guilds made up of the workers in the building trades, a sufficient number of houses to supply the demand throughout the Province.

2. *Prices*—The Government should encourage by legislation and education co-operative buying of supplies on the part of the producers, farmers and others, in the Province; and co-operative selling by the same agencies. On the other hand it should encourage by legislation (now lacking) and by leadership, co-operative buying by consumers so that producers and consumers will satisfy their mutual wants without the intervention of middlemen.

3. *Labour Unrest*—The I.L.P. believes that the workers should be emancipated from the position of serfdom they occupy at present, disfranchised and exploited in industry, as they were, until recently disfranchised and taxed in the State. This done, the strikes, unrest, unemployment, and other disturbing, but at present necessary, factors in industry would disappear and production rise.

4. *Revenue and Taxation*—We believe in substituting for other taxes a tax on land values (not a tax on land, which is unfair to the farmers, already exploited) this tax stimulating development at the same time as it would provide ample revenues—with special attention to such subjects of taxation as exempted Victory bonds and Coal royalties.

5. *Electoral Change*—We will fight unceasingly for the Referendum which will give the electors the right to decide on every question of principle and policy; for the Initiative which will enable them to place before Parliament questions for solution instead of sending powerless petitions as at present; and we will fight until a provision has been placed on the statutes whereby any elected member may be Recalled immediately he has foresworn his pledges or neglected his duty to his constituents. We will also relentlessly wage a battle for the adoption of a system of Proportional representation which will give a voice in Parliament to all sections of opinion.

6. *Miscellaneous*—Opposition to property qualifications in elections or for holding office; no interference with municipal taxation or taxes; no Government "honey-combed with lawyers and employers."

This document was signed for the I.L.P. by R. A. McDonald, President, and J. S. Wallace, Secretary. The Farmers took no official part in the campaign as an organization and issued no Manifesto or special appeal but their platform, as outlined in the preceding Section of this volume, was utilized to the full; they endeavoured to, and in some ridings did, affect a combination with Labour and discontented soldier elements. There were, eventually, Farmer candidates in 15 constituencies and Labour had 13 in the field. Incidents of the campaign were the contest in Cumberland County which included D. G. McKenzie, a Farmer candidate, Lieut.-Col. J. Layton Ralson, C.M.G., D.S.O., Liberal, and Grace McLeod Rogers, the authoress and Conservative candidate—with the Government's policy of vesting Mineral deposits in the Crown as a local issue; the fact that the Conservatives found it difficult to obtain candidates and by July 10 only had 8 counties fully equipped with, at the last, a number of seats uncontested; an elaborate speech by Colonel Ralson at Wallace on July 16 urging support of Mr. Murray with a strong address by the onetime Prime Minister of Nova Scotia, Hon. W. S. Fielding, at Halifax on July 22 and his declaration that the best day's work he had ever done was in advising the Lieut.-Governor to call upon George H. Murray as his successor. At Sydney (July 16) J. W. Maddin, ex-M.P., and a Conservative, came out for the Government. The result of the contest on July 27 was an undoubted vote of confidence in Mr. Murray and his Government with the following as the successful candidates:

County	Name	Politics	Majority
Annapolis	Hon. O. T. Daniels	Liberal	1,118
	Frank R. Elliott	Liberal	818
Antigonish	Hon. William Chisholm	Liberal	334
	Angus J. MacGillivray	Farmer	79
Cape Breton	Daniel W. Morrison	Labour	3,359
	Arthur R. Richardson	Labour	2,706
	Joseph Steel	Labour	3,329
	Arthur Forman Way	Labour	2,936
Colchester	Robert H. Smith	Farmer	320
	Henry L. Taggart	Farmer	207
Cumberland	Gilbert Nelson Allen	Farmer	448
	Daniel George McKenzie	Farmer	280
	Archibald Terris	Labour	230
Digby	J. Willie Comeau	Liberal	1,330
	Henry W. B. Warner	Liberal	1,162
Guysboro	Clarence W. Anderson	Liberal	876
	James C. Tory	Liberal	1,136
Halifax	Henry G. Bauld	Liberal	2,509
	Hon. Robert E. Finn	Liberal	2,240
	John B. Douglas	Liberal	2,012
	John L. Connolly	Liberal	1,772
	Adam B. Burris	Liberal	1,891
Hants	John A. MacDonald	Farmer	96
	Dr. James W. Reid	Liberal	952
Inverness	John C. Bourinot	Liberal	561
	Donald MacLennan	Liberal	818
King's	Hon. H. H. Wickwire	Liberal	1,295
	John Alex. McDonald	Liberal	1,083
Lunenburg	John J. Kinley	Liberal	1,630
	Aubrey H. Sperry	Liberal	1,525
Pictou	R. Henry Graham	Liberal	684
	J. Welsford Macdonald	Liberal	275
	Hon. R. M. MacGregor	Liberal	44
Queen's	Dr. Jordan W. Smith	Liberal	252
	George S. McClearn	Liberal	122
Richmond	Dr. Benjamin A. LeBlanc	Conservative	62
	Dr. John A. McDonald	Conservative	160
Shelburne	Hon. Robert Irwin	Liberal	294
	Frank E. Smith	Liberal	151
Victoria	Hon. George H. Murray	Liberal	869
	A. Gladstone Buchanan	Liberal	804
Yarmouth	H. W. Corning	Farmer	364
	Dr. A. Melanson	Liberal	122

The Liberals elected 30 members, the Farmers 6 and Labour 5, while the Conservatives returned two in place of the dozen or so in the past Legislature. W. L. Hall, the Conservative leader, was defeated in Queen's as were Hon. E. H. Armstrong, Commissioner of Public Works in Yarmouth and Hon. R. M. MacGregor, Minister without Portfolio. in Pictou. All four Liberals were defeated in Cape Breton; all five Liberals were elected in Halifax where the Hon. G. E. Faulkner, member since

1906, had failed to get a re-nomination. On July 28 Mr. Hall declared that Conservative defeat was due "to the brief period at our disposal for organization, and the remarkably short notice we had that an election was pending." The Liberal press of the Dominion took special interest in the Conservative defeat and in the election of so many farmers; upon the whole, the result was considered a personal tribute to Mr. Murray as well as a political victory. Mr. Armstrong's defeat was especially regretted by the Nova Scotia Liberal press and on Aug. 12 Frank E. Smith, member-elect for Shelburne, resigned and the Commissioner of Public Works was elected for that riding on Sept. 2nd over Zenas Bower, a candidate of the Conservative and all other opposing elements in the riding, by 1998 to 1298 votes.

Education in Nova Scotia during 1920; The Universities and the People.

In presenting the annual Report of the Superintendent of Education for 1918-19, to the Assembly, Hon. R. M. MacGregor on April 8, 1920, noted an increase of almost $180,000 in sectional assessments which had been purely voluntary; mentioned the development of the Rural Science Training Schools and also the work of the School Book Bureau—which latter was finding it difficult to maintain the low prices for text-books because of the increased costs of paper and labour; dealt at some length with the question of the Municipal School Fund and the minimum wage for teachers and stated that the increase in the Fund would raise the minimum of every teacher at least $100; emphasized the stimulation in ideals of good citizenship among the young, the effort to obtain uniformity of text-books in the three Maritime Provinces, and the co-ordination of the work of the Provincial Health Office with the Public Schools.

In the Report of Dr. A. H. MacKay, F.R.S.C., for the year ending July 31, 1920, which appeared considerably later, it was stated that the year showed an improvement in almost every respect. The schools increased by 23, the pupils enrolled by 1,114, the average school year by 5·6 days, the total of attendance by 1,590,750, the money voted (by the school sections) for the support of schools by $517,665, the number of men teaching by 36, and the number of 1st Class teachers by 20, while the lower grades diminished on the whole by 17. The average salary of Academic teachers rose from $1,437 to $1,606 for men teachers and from $985 to $1,098 for women; of Class A from $1,096 to $1,234 for men, and from $604 to $761 for women. The Government expenditure on general education increased during the year by $19,638; and on Technical Education by $33,653. The receipts credited to the Technical branch increased by $11,743. Graded schools increased by 17 class-rooms, while ungraded schools diminished by 15.

The pupils attending graded schools increased from 64,891, to 67,819, while those attending ungraded schools diminished from 42,091 to 40,277; 48,003 pupils were vaccinated during the year, as against 31,679 in 1919. The number of medical or dental examinations of pupils increased from 10,305 in 1918-19 to 14,638. The Superintendent pointed out that Nova Scotia teachers were sought for and welcomed by Education Departments throughout Canada, that over 600 of them were employed in the West, that this small Province was sending out between 500 and 600 new teachers annually and that more than one-half of its own teachers in this year were Normal-trained. War conditions had begun to right themselves: "In 1914 the school sections voted a million dollars. This year they are voting about twice as much. In 1914 the Municipal School Fund was about $165,000. This year it will be about $450,000. The Provincial Aid to teachers in 1914 was $247,000; this year our estimates will call for over $300,000." The statistics of 1919-20 were as follows:

School Sections in Province....	1,783
Sections without School........	127
Number of Teachers............	3,015
Normal-trained Teachers.......	1,632
Total male Teachers............	199
Total female Teachers..........	2,816
Total New Teachers............	530
Teachers, 1 year's Service or less	971
Teachers, 1 to 3 years' service	653
Teachers, 3 to 10 years' service	928
Teachers, 10 to 30 years' or over	463
Pupils in High School Grades..	9,491
Pupils in Public Schools......	108,096
Pupils in Technical Schools..	3,658
Attendance in all Schools......	111,754
School Gardens	78
Value of Property in Sections	$149,266,520
School Property	5,271,299
Total Expenditure for Education	2,688,056

The enrollment of the Provincial Normal College, in 1920, was 228 and in his Report Dr. David Soloan, Principal, urged educative standards of conduct in social matters and mentioned the distribution of a Washington pamphlet on good manners; the co-operation of the College work with L. A. de Wolfe's Government-supported undertaking along lines of Rural Science was dealt with. The N.S. College of Agriculture had an enrollment of 93 regular students with a graduation of 27; the Technical College had 29 students registered in engineering courses with 12 graduates and, in the affiliated School of Navigation, the students in January numbered 13 and in June, 6, while the local Technical Schools showed 106 separate classes and the Coal-mining and Engineering Schools had 38 classes and an enrollment of 466. The N.S. School Book Bureau distributed 232,477 text-books during the year; the School for the Deaf at Halifax had an enrollment of 125 pupils and the 50th annual Report of Sir C. F. Fraser, Superintendent of the School for the Blind, showed a registration of 133 pupils and a continuance of the splendid work of this institution.

Dalhousie University and its Fund. Campaigns for endowment funds were the order of the day in Nova Scotia Universities. Dalhousie, the largest of these institutions, celebrated on May 22, the 100th anniversary of the laying of its corner-stone by General The Earl of Dalhousie, then Lieut.-Governor of the Colony. Addressing the Halifax Commercial Club (Jan. 9) Prof. Murray McNeil dealt with the Course in Commerce which Dalhousie was organizing and described its nature as follows: "The first two years might be devoted to such studies as would be appropriate in any liberal education, and would include English, mathematics, commercial geography, foreign languages, etc. On this they would build imperative courses for a general business education, with elective courses in special departments of business life. There would be a commercial course—business forms and documents, accounting, salesmanship, advertising, etc. There would be banking and finance, transportation, insurance, real estate, adding as many departments as might, from time to time, be found necessary."

On Feb. 18 President A. Stanley Mackenzie, PH.D., D.C.L., F.R.S.C., announced that a campaign for a million dollar Fund would be launched in June and that G. Fred Pearson would act as its Manager. An Executive Committee was appointed as follows: George S. Campbell (Chairman); John E Read, Secretary; Dr. A. S Mackenzie, Hon. R. G. Beazley, W. E. Thompson, H. E. Mahon, J. E. Hetherington, George Henderson, Hon. R. M. MacGregor, Walter Crowe, K.C., R. T. MacIlreith, I. C. Stewart, W. A. Major, Gilbert B. Stairs. Strong Committees were formed throughout the Maritime Provinces, in the West and in United States centres where graduates had gathered together. In Halifax the local Committee was headed by J. E. Hetherington; for Nova Scotia the Chairman was C. J. .Burchill, K.C. As the Halifax *Chronicle* put it on June 1st: "Dalhousie has come to the parting of the ways. She requires a larger staff, greater equipment, more laboratories, more buildings, in general, better facilities for performing the necessary functions of a modern University. She must pay her Professors and teachers a living wage. She ought to be in a position to reward them not only justly but generously, for the work they are doing can hardly be valued in terms of dollars and cents. She needs at the moment, and she needs imperatively, halls of residence for her students."

On this date the campaign started and within 24 hours $400,000 was subscribed while in the next few days the total grew rapidly. The first and largest gift was $300,000 from Mrs. E. B. Eddy of Ottawa for the specific purpose of founding a dormitory for girl students to be called Shirreff Hall in honour of her parents; W. A. Black of Halifax contributed $60,000 to establish a Chair of Commerce and the Royal Bank of Canada $20,000; the Bank of Nova Scotia gave $20,000; S. M. Brookfield $25,000; G. S. Campbell $25,000 and Cavicchi & Pagano $25,000 each; W. H. Chase, Wolfville, $10,000; Senator W. Dennis $40,000; C. H. Mitchell $12,500 and Stairs' Son and Morrow $10,000; the Bank of Montreal contributed $20,000. Within a comparatively brief period the $1,000.000 was raised and $250,000 additional while the Carnegie and Rockefeller Corporations of New York contributed $500,000 each to the Medical School, of which total $600,000 was allocated to endowment for teaching, and $400,000 for buildings and equipment.

As a result of these contributions of $2,250,000 to its funds, Dalhousie was able to go ahead with a rapid expansion which included the establishment of a Department of Commerce with B. C. Hunt as Professor in charge, the partial construction of an addition to the Library building of space for 125,000 volumes and of an Arts building on Studley campus; the purchase of the Birchdale Hotel property on the North-west Arm for a men's residence, which was re-named University Hall; the construction of a building for student athletics and activities and, in part, of Shirreff Hall as a residence for women students. Meanwhile, the Convocation of May 7 had taken place with an enrollment of 621 students—a total far in excess of expectations and which strained the resources of the College; the new educational year saw an enrollment of 677 or double the total of ten years before. Following the Endowment Campaign W. A. Black of Halifax and R. B. Bennett, K.C., ex-M.P. of Calgary, were appointed Governors of the University and, later in the year, the Hon. William Dennis, Senator and donour of $100,000 for an Eric Dennis Chair of Government and Political Science—in honour of a son killed in the War—and Dougald MacGillivray of Halifax, were also appointed, together with the Rev. Dr. Clarence MacKinnon and H. E. Mahon of Halifax. Other appointments of the year were Prof. A. Robert Rosales to a new Chair in Spanish and John E. Read, B.A., B.C.L., as Professor of Law in the Law School. Toward the close of the year President Stanley Mackenzie was offered the Chairmanship of the Dominion Council of Scientific and Industrial Research in succession to Dr. A. B. MacCallum, F.R.S., but did not accept the post.

Acadia University, Wolfville, an historic Baptist institution, had a most prosperous year with a registration for 1920-21 totalling 330 at the University, 409 at the Ladies' Seminary and 296 at the Academy—with 100 deducted from the total of 1,040 for duplications. This was the largest on record—the nearest being in 1914 with 244 students registered at the University; there were 100 returned men at the institution with one year's tuition given free and a record of nearly 600 men enlisted. The University figures included 220 students in Arts, 6 in Theology, 86 in Applied Science and 18 special students. Acadia Seminary for girls had varied courses with a staff of 20 teachers and Rev. Dr. H. T. de Wolfe as Principal; Acadia Collegiate and Business Academy, with Rev. W. L. Archibald, PH.D., as Principal, had 14 other instructors and courses in Manual Training and Business as well as its University preparatory course. On May 25 General Sir Arthur Currie laid the corner-stone of Acadia's War Memorial Gymnasium to cost $180,000; on the following day the Convocation exercises presided over by the President, Rev. Dr. G. B. Cutten, included announcement of a gift of $75,000 from the Carnegie Foundation and of $25,000 from H. H. Raymond of Brooklyn, N.Y.

At the same time the Hon. degree of LL.D. was conferred upon Sir Arthur Currie; that of D.C.L. upon Lieut.-Col. J. L. Ralston, C.M.G., D.S.O., M.L.A.; that of D.D. upon Rev. S. R. McCurdy, Halifax. The graduating class was the largest on record at Acadia with 49 receiving the degrees of B.A. and D.Sc. Incidents of the year included the completion of the Memorial Gymnasium—perhaps the best of the kind east of Toronto; the inauguration by Dr. John D. Logan, poet and soldier and literatteur, of a course of lectures in Canadian Literature; a disastrous fire on Dec. 2nd by which Acadia College Hall was destroyed though without serious delay in the College work; the initiation at the close of the year of a campaign to raise $1,000,000 to replace this building at a cost of $250,000, to erect a new building for the Ladies' Seminary, to increase the salaries of the Professorial staff, to erect a new class-room building and for general purposes. To this Fund John D. Rockefeller at once contributed $250,000 or one-quarter of the amount.

The University of St. Francis Xavier, Antigonish, had a prosperyear with 267 students in attendance, a gift of $50,000 from the Carnegie Foundation for establishment of a Chair in French, and a successful campaign for a $500,000 Endowment. As a Catholic institution it held a foremost place in the Maritime Provinces and the money was obtained with little difficulty under the organizing efforts of Rev. Dr. J. J. Tompkins, Vice-President of the University and the Rev. H. P. MacPherson—President and Rector. No subscription above $5,000 was accepted and the total was made up of small sums from many persons. Referring to its graduates the Halifax *Chronicle* of Sept. 8

said: "They have proved in every Province of the Dominion that higher education is not the possession of a mass of facts, of wide information—but of the trained mind which can adapt itself to any work to carry it to a successful issue. Their position in Nova Scotia is well known but it is good to emphasize their contribution to Canada as a whole—a contribution made possible by the ideals aimed at and the methods pursued at Antigonish." At its 1920 Convocation this institution conferred the degree of Hon. LL.D. upon Miss Margaret C. Macdonald, R.R.C., Matron-in-chief of the C.A.M.C. Nursing Service in the War. At the University on Aug. 7-9 an Educational Conference was held with addresses by Bishop Morrison and a number of Maritime Province leaders in that connection and with discussions of considerable interest.

King's College, Windsor, lost its ancient and historic buildings by fire on Feb. 6th. Built in 1791, it was one of the oldest in Canada and, as the institution itself, received University powers in 1802 from King George III, it was the oldest Colonial University in the British Empire. There were about 40 students in residence and the insurance on the main building was $30,000. It was at once announced that the building would be reconstructed on a larger and more ambitious scale. An invitation from Dalhousie University to locate in Halifax and to form an alliance with that institution was fully discussed and all aspects of the matter were carefully considered, but the decision was to maintain its separate Anglican powers and position. For re-building, $200,000 was required and it was decided to inaugurate a campaign in the Maritime Provinces for an $800,000 Fund. On May 6 W. H. Roach, Windsor, J. R. Moulton, Halifax, and M. G. Teed, St. John, were elected to the Board of Governors; at the Convocation exercises the Hon. degree of D.C.L. was conferred upon F. R. Taylor, K.C., St. John and Rev. A. P. Shatford, M.A., Montreal; nine graduates were given the M.A. degree, one that of M.Sc., 5 that of B.D., 8 that of B.C.L. and 6 that of B.A.; there were 129 students in attendance. At the close of the year Rev. Dr. T. Stannage Boyle retired from the Presidency.

Other educational incidents of the year included the celebration (Oct. 6) by the Halifax Presbyterian College (Pine Hill) of its 100 years of history and work as the Maritime nursery of Presbyterian theologians and missionaries with addresses at a concurrent Synod meeting by Principal MacKinnon, Hon. R. M. MacGregor, President Mackenzie of Dalhousie, and others. The students in residence were stated at 77 and, at the ensuing Convocation, the Hon. degree of D.D. was conferred upon Archbishop C. L. Worrell of Nova Scotia, Rev. J. B. Cropper of British Guiana, Rev. William Foote of Korea, Rev. J. H. Edwinson of Toronto, Rev. John McIntosh and Rev. J. S. Sutherland, Rev. Arthur S. Morton and Rev. J. M. Wilson of Calgary, Rev. Dr. B. C. Borden, President of Mount Alison, Rev. John H. Macdonald, Wolfville, Rev. A. C. McGiffert, New York, Rev. J. Ross Stevenson, Rev. James Hastings, Aberdeen, and Rev. Sir W. R. Nichol. Another incident was the undertaking by Pictou Academy, 104 years of age, to raise a $350,000 Endowment (1) to enable it to pay salaries adequate to secure and retain the best teaching talent available; (2) to provide for the extension of the courses offered to meet the ever-increasing demands of popular secondary education; (3) to build and equip residences for a large and growing number of students.

The Foster Government in New Brunswick: General Policy, Prohibition and Finance.

The Government of the Hon. W. E. Foster, Liberal in politics but with business administration as its platform and policy, faced its first general election in 1920 and changed its *personnel* considerably at the close of the year. Mr. Foster had a good majority in the Legislature and handled it without friction; he had made his personal re-union with the Federal Liberals at the Convention of 1919; he faced a Farmers' movement which developed strong support as the months passed. The development of Hydro-Electric power was one of the issues of the year. In 1918 the Government had appointed a Commission without compensation and composed of B. M. Hill, Chief Engineer of Roads, W. C. McMullen, Engineer of the Crown Lands Department, and C. O. Foss, Chief Engineer of the St. John and Quebec Railway, to co-operate with the Dominion authorities in securing and arranging data as to Provincial resources in this respect. The result of their enquiries was a report submitted on Sept. 8, 1920, by Mr. Foss with this conclusion:

> That it is highly desirable to locate power sites from which power can be transmitted to the three most populous districts that are practically without water-power, namely: St. John and vicinity, including the Kennebecassis Valley; Fredericton and vicinity and the St. John River valley, north to Bath; and the towns on the North Shore. . . . We can undertake the developments for these three districts with the assurance that we can produce for the St. John district a minimum of 3,000 h.-p. on the Musquash, 5,000 on the Lepreau and still have the Megaguadavic in reserve. In the Fredericton-St. John River district 3,000 h.-p. on the Shogomoc and as much more on the Pokiok. For the North Shore at least 4,500 on the Tete-a-gouche.

Meanwhile, in April, a delegation from Grand Falls had tried to interest the Government in the developments there resulting from the formation of the Fraser Paper Co., Ltd., and its project, at a point on the Tobique River; legislation was promised along Provincial lines which would, incidentally, aid this local interest. A measure was presented to the Legislature incorporating the Fraser Company and giving it power to dam the Tobique at the Narrows—subject to Order-in-Council; objection was taken to this as injuring an active salmon fishing interest in the harbour of St. John, and elsewhere, as the Tobique was said to be the chief spawning ground for the Bay of Fundy salmon. The reply was a denial of salmon as a profitable product in this case and the statement that 5,000 h.-p. would be created by the dam and large expenditures involved. During the discussion on April 16 it was stated that the N.B. Railway Company, which held large forest areas on the Tobique, was prepared to enter into an arrangement with the Frasers by which the latter would be assured of an adequate supply of raw material.

Following the incorporation of the Company another Act relating to the Grand Falls Co., Ltd.—concerning the same power interests—provided for a thorough investigation of the local possibilities as to power and of existing investments or conditions as to purchase or expropriation of rights. Another Act to provide for the generation and distribution of electric power gave the Government the right to proceed with such development on the Lepreau for the benefit of the St. John district; on the Shogomoc to provide for the needs of Fredericton; and at Tete-a-gouche on the North Shore as might be desirable—with a total expenditure of $1,000,000 authorized during the year under a Provincial Water Power Commission. On May 19 the Premier and several members of the Government accompanied C. O. Foss, Engineer in charge of the preliminary Hydro-electric work for the Province, on a visit of inspection to the chief of the projected power sites on the Lepreau.

A couple of months later the Hydro-Electric Commission for New Brunswick was announced with Hon. C. W. Robinson, Minister without Portfolio, as Chairman and C. O. Foss of St. John and Reid McManus, a contractor of Moncton, as members. The Commission was to take immediate action to assure the development of power on the Lepreaux, some 30 miles from St. John. In October Mr. Robinson retired to take a portfolio in the Government and Hon. E. A. Smith of Shediac was appointed Chairman. Toward the close of the year it was stated that a number of industries and a large pulp-making concern were starting at Glen Falls. Associated with power development, through the needs of the lumber industry, was the Crown Lands Department administered in the first part of the year by Hon. E. A. Smith, Minister of Lands and Mines, and later by Hon. C. W. Robinson. The Report for the year of Oct. 31, 1920, showed a net revenue of $1,573,340 of which $1,257,967 was received from Stumpage dues; the revenue in 1919 had been $858,166 and the Stumpage dues $561,890.

The Minister congratulated the Province upon this very large increase—larger still if calculated from the $549,565 revenue of 1917—and expressed his belief that the returns would increase rather than diminish in the future: "This Province is fortunate, in having to a large extent preserved the title to the forests in the name of the Crown and the advisability of keeping these forests intact cannot be too often emphasized and impressed on our people. During the past fiscal year over 50 per cent. of the total revenue received from all sources came from territorial revenue, and by a wise administration of our public lands, I am confident in the future we can depend on our public domain for a large part of the revenue required for the administration of the public business." Reference was made to the Forest fires which devastated the Province during this period: "The spring of 1920 was the driest in 15 years. The forest destruction was consequently great; there were in all 312 fires, causing an estimated damage of $690,000 of which amount $87,000 was Crown Lands. Sixty thousand acres of Crown Lands were burnt over, of this, however, one fifth was old burns."

The Game season was described as a favourable one: "It is estimated that 500 non-resident sportsmen visited this Province, the greater number of whom took away a reminder of the chase and memories of a splendid holiday spent in our beautiful forests. So far as can be learned there were 1,275 moose and 2,480 deer killed during the open season." As to Surveys: "You will observe the survey during the past season covers 900,000 acres, requiring the survey of 680 miles of block lines. The total quantity of Crown Lands now surveyed is 3,110,944 acres or 42 per cent. of all the Crown Lands and with the same rate of progress as last year will require four more years to complete." The grants of land during the year were 19,463 acres. This Minister also reported as to mining and minerals in the Province—the three active branches of the industry being Coal mining in the Grand Lake region, the production of Natural Gas and Oil near Moncton and the quarrying and manufacture of Gypsum at Hillsborough.

The quantity of coal produced in 1920 was 135,297 gross tons or 20,301 tons less than in 1919—largely due to labour troubles at Minto; the Moncton oil-fields produced $148,457 worth of oil and gas while a subsidiary of the Anglo-Persian Oil Co.—in which the British Admiralty was interested—spent $114,488 in exploration work as to oil and oil shales in Albert County; the Albert Manufacturing Co., Hillsborough, of which C. J. Osman was Manager, and another concern, reported 30,796 tons of gypsum produced. The Advisory Board of this Department, composed of the Minister, T. G. Loggie, I.S.O., Deputy-Minister, G. H. Prince, Provincial Forester and Archibald Fraser, representing private owners of Forest lands, did service during the year in controlling licenses and other associated interests.

In the Legislature on April 7 the Hon. Mr. Smith reviewed the work of this Department and a few of the new features introduced in its administration during recent years which, he mentioned, were the application of the Forest Fire Act, the organization of the Advisory Board, the work of Fire prevention, the appointment of qualified rangers by examination, the complete return of all lumber cut with the collection of the full amount of stumpage, changes in the dimensions of logs which could be cut so to conserve the supply, the increased stumpage rates, the work of survey and classification, the plans for the establishment of a game refuge and other matters. A little later, Aug. 1st, the Department raised the stumpage fee on lumber cut on Crown Lands from $3.50 to $5.00 per 1,000 superficial feet. At this time the Opposition claimed that the lumber operators might pay as high as $10.00. The Government thought the situation in the industry justified an increase to $5.00 and little objection was taken by the lessees of timber limits, because it was believed that while the peak of high prices had been reached there was still good prospect of an active market. By December, however, it was seen that operators would have to curtail production very greatly and a change of policy was urged.

The Department of Agriculture, under Hon. J. F. Tweeddale and then the Hon. D. W. Mersereau did much for the farmer during this year and, it may fairly be said, in preceding years. The annual Report for Oct 31, 1920, was optimistic as to conditions—if prices were going down so were costs. E. P. Bradt, B.S.A., Deputy Minister, emphasized the claim that Live-stock was the basis of agricultural prosperity in the Province: "Every encouragement must be given this branch of farming in New Brunswick, whether in form of beef raising, dairying, sheep or swine production. It is live-stock that stabilizes the agricultural industry and puts farming on a permanent basis. The condition of the live-stock industry in any Province or county is considered as an index of the stability and general standing of agriculture in that country." Good breeding was declared to be the root of all improvement and permanent success and to this end new regulations had been issued and new efforts made by the Department.

The co-operative marketing of wool made considerable progress, there being an increase of 25 per cent. over the last year in the amount handled through to Fredericton—in all about 70,000 pounds: "It can be safely stated that had it not been for co-operative selling, the wool clip would have had to be sacrificed in order to dispose of it." In Dairy matters the establishment of a Farmers' Co-operative Creamery at Fredericton, similar to that at Moncton, was the chief event; the capital was $25,000 and many farmers took shares. Poultry conditions, apples and fruit and agriculture were described as progressing slowly; as to Elementary education in Agriculture, it was the aim of the Department to reach the boys and girls, in the rural Public Schools, especially, and develop in them an understanding and appreciation of things pertaining to agriculture.

As to this the Deputy Minister said: "It appears to me that the consolidated school is the one great hope of the future, and to the application of that principle, when properly worked out, we may look for an institution that can best be equipped to supply the educational needs of our rural communities." Special attention was being paid to the Women's Institutes and Agricultural Societies and the appointment of District agricultural representatives with, during this year, the establishment of Short

Courses for the young men on the farms—lasting for a period of two weeks and held at Chatham and Moncton where they met all expectations in attendance and interest. Investigational work carried on by the Department showed the very great need of lime on the majority of the soils in the Province and tests showed that it would require from two to three tons of ground limestone to neutralize the acidity, per acre, of ground in the various counties.

Accordingly, Mr. Tweeddale had made arrangements for production and transportation from a large deposit in St. John County, at $3.00 per ton, in bulk carlots to Brookville, where there was an up-to-date lime-crushing plant. The reports from the different sections and many officials of the Department showed an immense amount of detailed and educational work under way. As to Women's Institutes 81 branches had receipts of $18,077 with expenditures of $11,326 in the fiscal year and the Provincial President for 1920 was Mrs. C. J. Osman of Hillsborough; the Agricultural Societies had 10,391 members and raised $14,927 while the Provincial Government granted $18,201. F. E. Sharpe, Superintendent of Immigration, reported 550 arrivals during the year; the Farm Settlement Board was stated by Mr. Sharpe to have sold 8 farms and received $42,163 during the year with a balance at credit of $88,073. Addressing the Legislature on April 6, Mr. Tweeddale reviewed the work of his Department during the War, referred to the increase in sheep and swine and poultry during recent years, to the policy of encouraging better wool and mutton production in a Province specially fitted for sheep raising, to certain arrangements made with the Banks for loans to farmers, to the increased product of butter and cheese, to the establishment of Poultry clubs and promotion of Bee culture.

The Health Department of the Government, under the Hon. Dr. W. F. Roberts, did effective work at this period. On Feb. 4 a Conference was held at St. John of medical men and representatives of women's organizations to organize forces in case of a renewal of the Influenza epidemic; the second annual Report of Dr. G. G. Melvin, Chief Medical Officer of the Province, was presented to the Legislature by the Minister on Mch. 29 and reviewed at length the operation of the Public Health Act of 1918. It dealt with the organization of sub-district Boards of Health to look after local health matters and sanitation—including diseases and nuisances, conditions in lodging houses, dairies, milk distribution, slaughter-houses, medical school inspection, vital statistics and food conditions. The successful vaccination of every child attending school was an imperative matter and Publicity an essential factor: "Hundreds of regulations, books and forms have been compiled during the year, and hundreds of thousands in bulk have been distributed to the various sub-divisions of the Province and classes of people." In the Legislature on Mch. 30, Dr. Roberts mentioned these and other matters in detailed array and made a pronounced impression as to accomplished and comprehensive work.

The Road situation under administration of Hon. P. J. Veniot, Minister of Public Works, continued during 1920 to be an object of public discussion but without the political scandals or alleged scandals of some preceding administrations. A visit paid to Boston early in the year and addresses by this Minister aroused much interest in New England as to what Mr. Veniot portrayed as one of the finest fishing, hunting and summer regions in the world; his policy was described as the construction of good roads to the boundary line so as to make the way easy for motor traffic. During 1918 his Department had spent from revenue $192,294 upon Roads and in 1919 $265,657; upon Bridges the expenditure had been $263,347 and $343,178 respectively; upon other Public Works it was $116,347 and $119,099. There had been a capital expenditure also of a considerable sum which ran the total up to $3,000,000. To the Commercial Club of St. John on Jan. 15 the Minister stated that since 1917 1,200 miles of road had been repaired and most of the above-mentioned moneys had come from the rising motor fees; he claimed that good roads added $16 an acre to the value of farm lands; and much to a city, also, if there were first-class arteries of traffic leading from the rural districts.

In the Legislature on April 13 he reviewed the work of his Department and took pride in the claim that he had expended something like $3,000,000 since taking office without a single direct charge of maladministration having been laid against himself or his officials. In discussing the record of his administration, Mr. Veniot told of the steps that had been taken to secure Federal aid for road-building and claimed that his standard had been adopted as the standard for the entire Dominion; he answered a charge of sectionalism by alleging that the amount spent on road work in the River counties exceeded by $200,000 the amount spent in the North Shore counties. To meet the Federal aid of 40 per cent. on a maximum expenditure of $230,000 a year by the Province, he introduced a measure—which was eventually carried—empowering him to borrow money to be expended on ordinary and semi-trunk roads. As the automobile fees increased they would be used for the improvement of by-roads and the principal branch roads of the Province. This would enable them to give a better service and would assist the farmers in getting their produce to market.

His programme of borrowing was a total of $500,000; under his system dangerous hills were eliminated, narrow roads were widened and, to-day, he claimed that the Province had more roads with rock foundations than there were macadamized roads in the State of Maine. Mr. Veniot heartily endorsed the speeches made by Dr. P. E. Doolittle of Toronto on this subject and the latter told the Canadian Club, St. John, (May 19) that: "You have a live wire in Hon. Mr. Veniot and he is building a splendid type of roads. You have made a grand start in New Brunswick and you should share in building a big trunk road from the Atlantic to the Pacific." At a Moncton meeting on May 14 Mr. Veniot stated that the automobile tax in New Brunswick in 1916 produced a revenue of $38,000 while this year it was expected that the amount would be $200,000; New Brunswick was undertaking a big programme through which and the Federal grant there would be an expenditure of $6,000,000 in the next four years. On May 26 the Minister advised the Legislature that contracts amounting in round figures to $300,000 had been awarded for highway construction; the mileage extended from St. John to the Maine boundary through the St. John Valley. Besides these contracts there would be about $300,000 spent on the principal branch roads of the different counties.

Incidents of the year in connection with the Government included the immediate order by the Premier (May 30), on hearing of the St. Quentin fire disaster, to procure all necessary supplies up to a reasonable amount and forward them to the fire sufferers; the annual Report of the Workmen's Compensation Board for 1919 showing payments of $91,409 for compensation and $32,821 for operation of the Board together with $437,783 received in assessments upon employers, etc., and a surplus of $145,339—the accidents reported being 1,609 with 21 deaths; the demand presented to the Government by a Delegation (Feb. 10) headed by T. W. Caldwell, M.P., for extension of the St. John Valley Railway, as originally intended, from Centreville through to Grand Falls, and the statement in reply that the Dominion subsidy for that portion of the route between Grand Falls and Andover had lapsed or been cancelled in 1912. It was added that of the moneys in the hands of the Prudential Trust Co. of Montreal, from the sale of the Valley Railway bonds, $20,000 a mile for nearly 12 miles was all that was now available for construction purposes; that to build the 23 miles of road to Andover would cost a large amount, above any possible Dominion subsidy of $6,400 a mile.

A Provincial Memorial Home for Children was opened at St. John by Hon. William Pugsley, Lieut.-Governor, on Jan. 20, with ceremony and local congratulations. On Sept. 14 the Hon. E. A. Smith, D.D.S., Minister of Lands and Mines since 1917, resigned that position because of differences with his colleagues over a question of location as to the proposed Provincial game reserve. On Oct. 1st the Hon. C. W. Robinson, Speaker of the Assembly in 1901-07, Premier in 1907-08, and member without office since 1917, was appointed to this Department; at the same time Frederick Magee, M.L.A., of Port Elgin, was sworn in as Minister without Portfolio. Following the Elections on Dec. 2nd Hon. Robert Murray, Secretary-Treasurer of the Province and Hon. J. F. Tweeddale, Minister of Agriculture, resigned as a result of defeat at the polls; the former was succeeded by Hon. Judson Egbert Hetherington, Speaker since 1919, and the latter by David Wellington Mersereau, M.L.A. since 1917, and a U. E. Loyalist by descent; Hon. L. A. Dugal, Minister without Portfolio since 1917, also resigned. Other Government appointments of the year included John M. Keefe of Grand Falls as Clerk of the Legislative Assembly, in place of the late George Y. Dibblee and J. Bacon Dickson of Fredericton to be Clerk Assistant, and of Harvey Mitchell, Keswick, as Deputy-Minister of Agriculture.

Prohibition Policy of the Year. New Brunswick had for many years supported a Prohibition policy along local option lines and in 1917 approved Prohibition by popular vote. During 1919 infractions of the Liquor law were frequent and 578 convictions were recorded. Three of the Government Inspectors were severely injured in the discharge of their duty, and there was much prescription-giving among some of the physicians with 24 summoned and fined. Despite these circumstances, Rev. W. D. Wilson, Chief Inspector, declared in his annual Report to the Government, made public on Mch. 20, 1920, that, generally speaking, the Prohibitory law had brought improved living conditions to many people. He made the following recommendations as to amendment of the law: That prescriptions should not permit the sale of more than 8 ounces of liquor; that no licenses be given to druggists, but to a single liquor vendor—the Government to regulate the prices; that the Province be divided into 5 Inspectorial districts, each under the supervision of an experienced officer.

Meanwhile, along the boundary line between New Brunswick and Maine, a considerable smuggling business had developed. On April 16 the seizure of 26 cases and 9 barrels was made at St. Leonard's, and a few days later an American official at Van Buren, just across the river, captured a Canadian smugglers' load of 250 quarts of whiskey and 16 gallons of alcohol. From time to time in the press and upon public occasions and in the Legislature there were many references to "boot-legging" in the Province and alleged laxity in the enforcement of the law. In the Legislature on April 23 a Resolution was presented by Hon. J. F. Tweeddale asking for a Federal referendum upon the question: "That the importation and bringing of intoxicating liquor into this Province for beverage purposes may be forbidden." The Minister explained that it was not a Government or party measure and J. L. Peck (Cons.) in seconding the motion, declared that it was supported by the New Brunswick Alliance and a number of clergymen. J. E. Michaud (Lib.) proposed an amendment declaring that the Act of 1916 provided for the holding of a plebiscite for or against continuance of the existing Prohibitory law and as the Government had promised such an election: "Therefore, in the opinion of this House it is not advisable that the people of this Province should express their opinion on the question of inter-Provincial trade in liquors until they have pronounced themselves in favour of the retention of the Prohibition law now in force in New Brunswick." This was carried by 22 to 18.

The Plebiscite Act was finally passed as a Government measure and was based upon the situation as it existed in the Province with a question as to continuance or otherwise of the present law and an additional question as to wine and beer licenses; the vote was to be taken on July 10. The N. B. Temperance Alliance, meanwhile, issued an appeal for Prohibition as against the proposed licenses and undertook to organize the Province thoroughly; about 50 preliminary meetings had already been held. The Prohibitionists won on the 10th and were aided, quietly but effectively, by a large women's vote. The existing Law was approved by a vote of 41,436 for and 20,769 against and the proposal to allow the sale of beer and wine was defeated by a vote of 23,713 for and 38,375 against. On Nov. 11 the retirement of Rev. W. D. Wilson as Chief Inspector was announced and at a meeting of the N. B. Temperance Alliance on Dec. 2nd, Resolutions were passed requesting the Government to put a Referendum regarding the importation of liquor before the people at the earliest day possible; urging it to consider amendments to the present Act covering the unsatisfactory license conditions; proposing that all local branches of the Alliance should publish regularly the names of persons violating the Prohibitory law.

Financial Condition of the Province. For the year ending Oct. 31, 1919, the Revenue of New Brunswick was $2,168,822 as against an estimated total of $2,065,230 and the Expenditures $2,496,508 as against an estimate of $2,071,622 or a deficit of $327,686; the capital Liabilities of the Province on that date were $22,241,936 of which the Funded Debt was $18,585,759; the capital Assets were given as $21,163,763 which included the value of bond issues invested in railways and other property—Railways $8,193,855, Permanent Buildings $5,687,259, Permanent Roads $1,983,103. The estimated Revenue for 1920 was $2,829,483 and the estimated Expenditures $2,497,712. On Feb. 5 it was announced that an Order-in-Council had been passed authorizing the Comptroller-General to arrange for the purchase and refunding of at least £600,000 of the outstanding debenture stock of the St. John and Quebec Railway. If this amount could be purchased, the Government would reduce the public debt incurred by the construction of that Railway by about $1,000,000. Within a few days the first purchase was completed, and netted a gain, or reduction in the Debt of the Province, of $166,000.

In May $2,800,000 of 6 per cent. coupon gold bonds of the Province were issued and the accompanying financial statement showed the assessed valuation of New Brunswick for Municipal purposes to be $130,000,000; the total Funded Debt, including this issue, as $20.664,402—less $8,032,582 debentures of the St. John and Quebec Railway which was under operation by the Canadian National Railways; the indirect liabilities (fully secured) to be $1,117,000, the estimated value of Provincial Assets as $57,650,000 and the annual Subsidy from the Dominion Government as $637,976. The Assets included $50,000,000 as the estimated value of 7,000,000 acres of Crown Lands. The population of the Province was given as 368,760. Though the St. John Valley Line liabilities were deducted, as above, from the liabilities of the Province, they still had to be looked after and early in March the Government issued $500,000 of Provincial bonds to take up an issue of Railway debentures which were falling due.

The Hon. Robert Murray presented his Budget to the Legislature on Mch. 24; his main figures being those which are given above from the Public Accounts. The net increase in capital liability during 1919 was $1,911,026; securities of the Province with a par value of $1,262,231 had been purchased in England under current exchange conditions at a cost of $774,438. The Treasurer went on to deprecate what he termed the "shabby treatment" which New Brunswick had received from the Federal Government. The annual subsidy of 80 cents was, he said, based upon a slowly growing population. That slow growth was due directly to the action of the Federal Government and to the C. P. R. in their organized attempts to attract people to newly-opened lands in the West. The time had come when better terms should be received for the Province and numerous delegations had gone to Ottawa, but had accomplished nothing. The fact that the amount received by New Brunswick from Federal sources was so small was the principal reason why teachers' salaries were low and various public services neglected.

Mr. Murray suggested a Federal increase in the *per capita* rate and a larger allowance for government than the $180,000 which was based on conditions prevalent in 1866. In the estimated Revenue for 1920 the Dominion subsidy totalled $637,976; the Stumpage dues and other Territorial sums were $1,490,000; the Amusement, Railway and Motor taxes totalled $307,197; Succession duties were expected to realize $75,000 and the Prohibition Act $50,000. Of the estimated Expenditures $72,381 was allotted to Agriculture. $305,075 to Education,

$145,000 to Forest Service, $570,000 for Interest, $172,000 for the Sinking fund in the Motor Vehicle Fund, $156,000 for Provincial Hospital maintenance, $482,000 for Public Works. L. P. D. Tilley, K.C., spoke for the Opposition and dealt chiefly with the alleged alarming nature of the deficit of $327,000.

During the ensuing Session Hon. J. P. Byrne, K.C., put through a Bill amending the Succession duties. Under this legislation estates exempted were reduced to $25,000 and the rate on estates between $25,000 and $50,000 was made 1¾ per cent.; on estimates ranging from $50,000 to $100,000, the rate was 2½ per cent., and from $100,000 to $150,000, 4 per cent.; from $150,000 to $300,000 it was 5 per cent., and so graded up to $1,000,000. When the value passing to one person, alone, exceeded $25,000 there was an additional tax of ½ per cent. on that amount; if it exceeded $100,000 and was less than $200,000 there was a further tax of 1 per cent. with higher additional taxes on larger amounts. At the close of the year the Province offered for public subscription $1,750,000, 15-year, 6 per cent. debentures, of which $1,000,000 was to be expended in the development of the Musquash Falls Power near St. John and the remaining $750,000 be used for the purpose of paying 60 per cent. of the cost of building permanent roads.

Legislation of 1920 in New Brunswick; Educational Conditions of the Year.

The 4th Session of the 7th Legislative Assembly of this Province was opened on Mch. 11, 1920, by the Hon. William Pugsley, K.C., LL.D., D.C.L., Lieut.-Governor, in a Speech from the Throne which first referred to the visit of the Prince of Wales and the "impress of his delightful personality" and described the Province as prosperous and its chief industries—agriculture and lumbering—as never so productive and popular in demand; declared that the Live-stock and field crops acreage of New Brunswick were largely increased and that the importance of the former industry could not be over-estimated with an increase in the number of cattle, sheep and swine of more than a quarter of a million and an additional value of nearly $5,000,000; mentioned arrangements of the Department of Agriculture to provide a sufficient supply of ground lime at cost for the needs of the farmers and at the same time utilize a valuable natural resource; stated that the territorial revenue for 1918-19 was the largest in the history of the Province and that every effort was being made, consistent with the rights of the lumber licensees, so to restrict the operations of the lumbermen as to conserve this most important asset of the Province.

His Honour referred to the completion of the Valley Railway to Westfield and its operation by the C. N. R. into St. John as involving not only trade and profit to localities but as affording another Western entrance to the seaport of St. John; stated that the Government had been able, by reason of the lowered price in the English market of its guaranteed debenture stock and the rate of exchange prevailing, to purchase and cancel such a portion of the outstanding stock as to effect a considerable reduction in the liability for the construction of this road; he also announced that bonds guaranteed by the Province in connection with the construction of the International Railway to the amount of $896,000 had been paid off by the Company and cancelled; declared, on behalf of the Government, that New Brunswick, as one of the four original partners in Confederation, would insist that there be no diversion of the lands or natural resources unless all the Provinces which formed Confederation were given the fairest consideration.

It was intimated that an agreement had been come to with the Dominion Government as to Highway aid and for the construction of standard roads and the Department of Public Works was congratulated upon its work in making durable Provincial roads. A valuable Report as to water power from the Provincial Commission and the Dominion Water Powers Branch was promised with a Bill to provide for power development and to enable the Government to proceed without delay with the utilization of such water powers as were found to be commercially feasible. Larger salaries for school-teachers were intimated, good progress by the Health Department was reported, successful operation of women's right to vote was stated and the Liquor Act of 1916 asserted to have had its efficiency fairly tested with conditions which warranted a Referendum as to its continuance. The Lieut.-Governor referred to the increasing demand for Education and noted that the larger communities were taking advantage of the provisions of the Act to encourage and assist vocational instruction. As to labour, there was already a statute providing for a Bureau and a Commissioner of Labour and this would enable the Government to take such action as seemed to be necessary; the projected sale of the old Government House and grounds to the Dominion Government was also referred to.

The Hon. J. E. Hetherington was Speaker and the Address was moved by Fred. Magee of Westmoreland and P. P. Melanson of Kent. The Conservative Opposition was led by Hon. J. A. Murray, the Premier in a preceding Government, and he moved an amendment expressing regret that the Speech did not contain any intimation as to meeting the serious deficit in the ordinary current accounts of the Province, amounting for the past fiscal year to $327,686 by taking steps to increase the territorial revenue proportionately to the value of the lumber cut on the public domain, through an increase in the stumpage dues, which "in the opinion of this House, should be advanced from the present rates of $3.00 and $3.50 per 1,000 feet to $7.00 per 1,000 feet." Mr. Murray spoke at length and charged the Government with appointing politicians as Commissioners for the Jordan Sanitarium; praised the Minister of Agriculture as having carried out the policy of his Conservative predecessor; claimed that, financially, the present Government had gone behind $802,056 in 2½ years; stated that the Minister of Public Works had spent tens of thousands of dollars on roads which, although classed as permanent, were nothing but ordinary roads, and had borrowed for this purpose $500,000 in 1917, $700,000 in 1918, and $1,150,000 in 1919; asserted that the Province was paying interest on that money and had nothing but ordinary roads to show for it.

Mr. Premier Foster replied on the 16th. He stated that the stumpage rates were fixed for the present but would be raised if it should prove necessary; admitted that teachers' salaries in parts of the Province were "wholly inadequate" and promised to deal with the question; stated as to the Valley Railway that it would "never be finished until it was completed as originally intended from Grand Falls to St. John"; announced that the estimated interest charges on the St. John and Quebec (Valley) Railway during the year 1920 were $334,164 from which the estimated earnings for 12 months, amounting to $84,000, should be deducted leaving a balance of $250,164. As to the deficit, money had been needed and it was spent; for instance the Department of Public Works had found 1,000 bridges throughout the Province in a state needing repairs and it would have been false economy to leave those structures as they were

After further speeches, notably from B. Frank Smith (Cons.), and Hon. P. J. Veniot for the Government, the amendment was rejected by a party vote of 24 to 14 and the Address adopted by 22 to 16. The legislation of the Session was varied and the Bills relating to Prohibition and water-powers have been referred to elsewhere. The Corporation Act presented by Hon. Mr. Byrne imposed on all corporations doing Fire insurance business in the Province a tax of 2 per cent. of the net premium, also a tax of $100 on each Life Insurance Co., with an additional tax of 1½ per cent. on net premium; on other Insurance companies a tax of 2 per cent. on net premium while Telegraph companies were to pay 1 per cent. on total gross revenue on business arising within the Province, and Express companies ½ per cent. on gross revenue.

The Act to provide manufactured lime-stone to the farmers of the Province for use as a fertilizer authorized the Governmen to borrow the sum of $10,000 for the purchase of a property containing large quantities of lime-stone and the Minister of Agriculture was authorized to obtain a lime-manufacturing plant and other machinery and equipment for the purpose of manufacturing and preparing lime-rock for fertilizer. The Schools Act was amended to give a substantial increase of salary for teachers and school inspectors; the Succession duties were increased in certain classes of estates; another Act made the tax payable on wild lands held by resident owners the same as to non-resident owners; a more simple method of procedure was authorized for the incorporation of villages; the sale of the old Government House property in Fredericton was authorized with investment of the proceeds for future use for a similar purpose. An important measure was that relating to the construction and improvement of Highways under Federal aid and it enabled the Province to proceed with the construction of high roads with the Federal Government meeting 40 per cent. of the expenditure. The proceeds of Motor Vehicle taxes were to be used in future to meet the interest and sinking fund charges on the issue of debentures for the improvement of secondary roads in the Province.

To provide for a further extension of the St. John and Quebec Railway, legislation authorized the construction of a new section from Centreville to Andover, but it was explained by the Premier that this extension could not be made until additional traffic was assured by construction of a connecting link between Meductic on the Valley Railway and the Boston and Maine terminus on the Maine boundary which the Federal Government had under consideration. Another Bill undertook to protect the public against a certain form of watered stock by forbidding the issue of shares and securities by public service utilities until the consent of the Provincial Utilities Commission had been granted. The Hon. Mr. Smith had a Bill to enable the Minister of Lands to purchase lands from the N.B. Railway Company. They totalled 4,000 acres adjoining a settlement in Madawaska County, the price was to be 75 cents per acre and the Department proposed to turn the land over for settlement at that figure, *plus* the general expenses.

Housing Act amendments applied its provisions to villages while Hon. Mr. Byrne's Bill to amend the Judicature Act increased the scale of costs allowed attorneys in the Supreme Court and provided for increased witness fees; it also empowered a Judge, after verdict had been rendered or judgment given, to order a stay of proceedings. Another measure empowered municipalities to make grants toward Soldier memorials and to issue debentures on a two-thirds vote. A Mining Act amendment provided for the drainage of mining lands, and the Game Act was amended to remove the close season on partridge in the autumn under specified conditions and to extend the close season for beaver and sable and to make it an offence to carry arms in the woods during the close seasons. The Act for funding of Motor Vehicle fees limited the sum to be borrowed to $800,000; a measure was passed consolidating the several Acts respecting protection of persons, and especially children, in factories; the N. B. Elections Act was amended to make provision for addition to the voters' list of the names of qualified electors which had been inadvertently omitted.

Amendments to the Workmen's Compensation Act increased the allowance for funeral expenses from $75 to $100 and the monthly allowance to widows from $20 to $30, and added to the monthly allowance for children. Formerly the total assistance given to a widow could not aggregate more than $3,500 but this was changed and there was to be no limit. If a widow should marry the second time she would receive two years' payment. Under the former Act the payment for permanent partial disability had been limited to $1,500. By the amendments there was a sliding scale at the discretion of the Board under which the total would not exceed $2,500. In regard to first aid, the full medical nursing and hospital expenses were to be paid out of the Accident fund. Mr. Byrne, Attorney-General, estimated that these changes would involve an additional burden of $50,000 or $60,000 in the Province. Amendments to the Indemnity Act increased the grant to members from $500 to $1,000 per annum but did not touch the inadequate salaries given to Ministers. A special Bill provided a salary of $2,100 for the Minister of Health.

The measure for increasing teachers' salaries provided for minimum salaries for all teachers of $500, $600, and $700, according to the valuation of the school district. The Government grant was increased, according to the length of term of service, as follows: 1st class, $135 to $175; 2nd class, $108 to $140, and 3rd class, $81 to $90, with half these amounts for assistants. Special provision also was made for aid for poor districts. The Premier also amended the Act relating to School Inspectors and fixed their salaries at $2,000 with $500 per year allowed for expenses. Incidents of the Session included a strong speech by J. B. M. Baxter, K.C., on April 15, in which he dealt at length with financial matters from the Conservative standpoint and claimed that the present Government had increased the Debt by $4,413,998 or, deducting certain charges carried over from the preceding Government, by $3,204,511 or $1,600,000 a year. He presented a motion of censure on the Government for the County of Carleton vacancy in the House which dated from May, 1917. It was rejected by 19 to 15 votes. The House was prorogued on April 24.

Public Instruction and the Schools. The School situation in the fiscal year of 1918-19 had been one of the most discouraging in the history of New Brunswick—owing, largely, to the Influenza epidemic with decreases in a number of schools, in attendance of pupils and the number of teachers. The Report of W. S. Carter, M.A., LL.D., Chief Superintendent of Education, for the year 1919-20 was more favourable, in some respects, though a shortage of teachers was shown, in the Inspector's reports, running from 150 to 200. The number of schools in the 1st Term ending Dec. 31, 1919, and the 2nd Term ending June 30, 1920, was 1,978 and 1,898 respectively, the number of teachers 2,113 and 2,054, the number of pupils 64,812 and 65,050, the average number of pupils daily present when schools were in session was 48,755 and 45,860 respectively. The total number of different pupils in attendance during the year was 72,988.

The average salaries of teachers in the various schools showed marked increases between 1910 and 1920: Grammar School $691; Superior School $346; 1st, 2nd and 3rd class (male) ran from $737 to $249 and $145 respectively; 1st, 2nd and 3rd class (female) ran from $448 to $220 and $167. For future consideration and action Dr. Carter made certain recommendations: (1) Courses of Instruction with many better text-books; (2) organization of a 4-year High School course; (3) a Revised Pension plan with a disability clause; (4) a better Compulsory Act and free Text-books; (5) a tax on all property in aid of schools and better provision for the feeble-minded; (6) more school consolidation, Teachers conventions and Community centres.

Incidents of the year included the meeting of the N.B. Teachers' Association and election of Berton C. Foster, M.A., LL.D., Fredericton, as President; the recommendation of the Provincial Board of Technical Instruction (Dec. 21) with Hon. Fred. Magee in the chair, that the Government should grant aid on the basis of 50 per cent. of the cost up to 5,000 population, 33⅓ per cent. from 5,000 to 10,000 population, 25 per cent. over 10,000 population, with 33⅓ per cent. for schemes wherein a City and County combined; the recommendation by a special Committee to the Board of Education for the use of Edgar Saunderson's *Outlines of the World's History* as a text-book in the Schools of the Province. This was to replace Myers' *History of the World*, an American production which had been used in the Schools and was written in the most approved form of old-time American prejudice regarding British affairs with this statement as an illustration: "The English Government, in its local as well as its national branches is now in reality as democratic as our own." Then followed a declaration that England could not long maintain the Monarchy! A special chapter on the World War devoted one-half to the United States and did not mention Canada while the Orange *Sentinel* of Toronto quoted largely from the book to prove special sympathies for Catholicism in Europe. During the controversy it was stated that the work was also authorized in other Provinces.

The Universities of the Province. The attendance at the University of New Brunswick in the Academic year, 1919-20, was abnormally large because of the return of many former students from Overseas service and the enrollment of a considerable number of men, largely returned soldiers, in special courses. These courses were Electrical and Mechanical Engineering and Forestry. On the whole, good work was done with these special subjects, but the equipment of the institution and the time of the Professors was unduly taxed and, during the 1920-21 Sessions, students were admitted to regular courses only. In Arts the number of students was 52, of whom 22 were women, in Engineering the number was 52, in Forestry 45, in Special Courses 32 or a total of 181. The increase over the preceding year was 250 per cent. With this record the University on May 13 closed its 120th year with 31 graduates of whom 19 had served in the War and 4 won decorations; 2 of them were selected as Rhodes Scholars—C. F. Gregory Bridges and H. Atwood Bridges.

The latter was chosen under special conditions as mentioned in a letter from Sir George R. Parkin, Rhodes Trustee, which may be quoted: "It gave me great satisfaction to find that the special scholarship, open to the whole of Canada, which I induced the Trustees to give this year, fell to a graduate of my old University. There were candidates from Toronto, Queen's, Dalhousie, and three other smaller Provincial Universities. The decision which was made, after the most careful and impartial study of the credentials and records sent in, confirmed the impression of the excellent work which your University is doing, derived from the consistently good record made by the men you have sent us for some years past—indeed, since the Scholarships were founded." At the Convention ceremonies Chancellor C. C. Jones presided, Lieut.-Col. Murray MacLaren, C.M.G., M.D., LL.D., addressed the graduating class and Prof. A. W. Duff of Worcester, Mass., delivered the Alumni oration.

The degree of Hon. LL.D. was conferred on William McInnes, B.A., of the Geological Department of Canada, Prof. A. Wilmer Duff, M.A., D.SC., of Worcester Polytechnic Institute and Prof. W. F. Ganong, M.A., PH.D., of Smith College Northampton, Mass.—all graduates of the University. During the year a campaign was started to raise $75,000 for a War Memorial building and about half was subscribed; but the great increase in costs and the need to include laboratories for Chemistry and Physics increased the total required to $250,000 and the effort was consequently enlarged. On Dec. 2nd a delegation waited upon the Provincial Government and presented a request that the Province guarantee one-fifth of the $250,000 which it was desired to raise. Dr. C. S. McGinnis resigned the chair of Physics and Engineering to go to a Philadelphia institution and was replaced by Prof. A. Foster Baird and Dr. J. A. Spaulding, who also left the Department of French and German to go to the States, was succeeded by Edward Elias, B.A., of Harvard; Prof. John Stephens was appointed Dean of Applied Science.

Mount Allison University of Sackville, N.B., had a most successful year with a registered enrollment of 1,005 students in the Academic year beginning June 1st, 1920. Of this total the University had 258, the Ladies' College 496 and the Academy 251; about 200 of these were, however, duplicate registrations. The institution was Methodist in origin and association but non-sectarian in its internal administration and attendance; in 1920 the President of the University was Rev. B. C. Borden, D.D., D.C.L., the Principal of the Ladies' College Rev. Hamilton Wigle, B.A., D.D., and the Principal of the Academy James M. Palmer, M.A., LL.D. On May 19 the annual Convocation was held with 24 graduates receiving the B.A. degree, 2 that of B.Sc., 4 of M.A., with 11 certificates in Applied Science. The degree of Hon. LL.D. was given to F. W. Nicholson, B.A., Middleton County, and George J. Oulton, B.A., of Moncton; that of D.D. was conferred on Rev. W. T. D. Dunn of Grand Falls, Newfoundland, and Rev. Aubrey S. Tuttle, B.A., of Edmonton. At the St. John District Methodist Conference on Aug. 31, Prof. W. G. Watson was present from Mount Allison and stated that the Sackville institutions were in many respects the most important single asset of the Methodist Church in the Maritime Provinces. Applications to the number of 30 had lately been received at the Ladies' College that could not possibly be accommodated. Hence the need of new buildings, additional teaching staff and general equipment. The sum of $500,000 was suggested and a Resolution was passed approving of a proposed campaign for that amount.

Resources and Development of the Province; The United Farmers of New Brunswick.

New Brunswick boasted in 1920 a quiet and contented people of about 360,000, a rolling region of fertile valleys and wooded lands and numerous lakes and rivers. The St. John *Telegraph* of July 20 described its general conditions as follows: "The wild country affords a paradise for sportsmen; the uplands and valleys give great stretches of as magnificent a farming country as could be wished for and the climate, while it does not give an early spring and planting is therefore late, has glorious summers and rich autumns. In railway facilities, it is better equipped than any other Province of the Dominion. The New Brunswick forests are extremely rich in the variety of their trees and, besides the splendid soft-wood trees, have many of the hardwoods in great abundance. Fisheries come next in importance among the natural resources and in the value of its fisheries the Province ranks third in the Dominion. The total marketed value is considerably more than $5,000,000 and between 20,000 and 30,000 persons are engaged in the work of fisheries."

Its mineral resources in 1920 had been very little developed but the Province had a future as a mining country, especially in respect to coal, oil and gypsum, and was noted for its building granite. In its water powers there was an important source of commercial profit. All branches of farming were practised and agriculture was the basic industry of the Province. Of its 17 million acres, over 13 millions were fitted for cultivation and only about 25 per cent. occupied. Provincial statistics of production for 1920 showed that of wheat as 464,402 bushels, turnips 7,069,670 and potatoes 15,510,300 bushels, barley 193,768 and buckwheat 1,509,027 bushels. The Federal statistics for 1920 indicated a total value of $46,368,300 and details as follows:

Field Crops	Area: Acres	Yield per Acre Bushels	Total Yield Bushels	Average Price per Bushel	Total Value
Spring Wheat	29,485	15·75	464,400	2.11	979,900
Oats	309,071	29·50	9,117,600	0.60	5,470,600
Barley	8,177	23·75	194,200	1.41	273,800
Peas	2,844	15·00	42,700	2.35	100,300
Beans	4,254	16·25	69,100	3.39	234,200
Buckwheat	66,366	22·75	1,509,800	1.45	2,198,200
Mixed Grains	3,395	29·75	101,000	1.17	118,200
Potatoes	78,335	198·00	15,510,300	.70	10,857,200
Turnips, mangolds	20,030	353·00	7,070,600	0.20	1,414,100
		tons	tons	per ton	
Hay and Clover	726,380	1.20	871,700	27.87	24,294,300
Fodder Corn	5,243	8.00	41,900	10.00	419,000

The Live-stock of the Province in 1920 was valued (Dominion official figures) at $10,666,000 for horses, $16,237,000 for cattle, $2,241,000 for sheep and $2,044,000 for swine. Sheep had more than doubled in value since 1917 and the Provincial Government claimed some credit in the process through its Loan Fund of $50,000, established as a line of credit at the Banks for farmers to use in purchasing sheep—of which, it was stated, 4,000 were bought and added to the breeding system. Co-operative marketing was a factor in agricultural progress and in 1920 70,000 pounds of wool were so dealt with while other products were shipped under the joint action of Co-operative Societies and the Government. New Brunswick produced in this year 30,000 barrels of apples valued at $167,371 and its Fox industry developed considerably with extensive silver black fox farms at Black's Harbour, Salisbury and Moncton; in one case the owners had about 120 in stock or an increase of about 50 per cent. in the past year; the prices varied per pair from $1,000 to $1,200, while pelts ranged from $200 to $800 and averaged about $300 or $400 each. At this time the annual value of the factory-made butter and cheese exceeded $500,000 and this did not take into account the value of what was made on the farms of the Province. Taking milk, butter and cheese into account, the total output of dairy products was, by the census of 1911, estimated at $3,568,221 and, though figures were not available, it must have been double that amount in 1920.

In timber resources the Province was rich and the 1917 Census gave the output of its lumber, lath, shingle and planing mills as $16,322,405, of which over $11,000,000 was credited to lumber, while G. G. Laird of the Canadian Bank of Commerce, Halifax, estimated the 1920 lumber cut of the Province as about 600,000,000 feet, B.M. worth about $10,000,000; the export of lumber and its products from St. John for the first three quarters of the year was $3,737,992 in value or 1¼ million more than in 1919. During the year several valuable lumber properties were purchased by Americans; in April it was stated that E. B. Draper of Bangor, Me., had acquired 262,000 acres of timber lands at the head waters of the St. Croix River, saw-mills at Milltown, wharf property at Calais and five sailing vessels, involving a sum of $4,000,000. Donald Fraser of Planter Rock succeeded W. B. Snowball in 1920 as President of the influential N.B. Lumbermen's Association.

The commercial Fisheries of the Province were steadily increasing in value with a catch valued in 1919 at $3,767,479. The chief items were sardines worth $1,456,275, smelts $558,251 and cod $470,247. In Mining, coal was the chief product and the total value in 1920 (Federal figures) of all minerals, was $2,225,261; the coal areas of Queen's and Sunbury were estimated as holding 150,000,000 available tons of coal. In water powers—elsewhere dealt with—300,000 h.-p. was deemed capable of electrical development with 18,000 h.-p. in operation. Industrially, New Brunswick had a strategic location for shipping products to the markets of the world and, between 1900 and 1915 its manufactures increased 80%; log products, cottons, foundry products, fish products, flour products, wood-pulp, and iron and steel, with an output in 1918 of $68,333,069, a capital investment of $74,470,879, the use of materials costing $34,513,640, wages and salaries paid totalling $14,247,388 and 19,888 employees. The Imports of the Province in 1920 were $33,869,948 and Exports $141,874,056.

Wood products and manufactures (1919) totalled $26,713,403, flour milling $1,674,956, Furs $225,871, Leather and boots and shoes $2,268,579, sash, door and planing mills $898,361, bread. biscuits, etc., $1,955,841, brass and copper $429,751, Clothing—men's wear $639,113, Woollen textiles $1,312,104, foundry and machine shops $1,932,239. The Port of St. John was the second in Canadian importance with 1920 Exports of $114,257,976 and Imports of $26,990,916. Incidents of the year included the merging of the All New-Brunswick Tourist, Game and Resources League (June 17) with the N. B. Tourist Association and passage of a Resolution urging all communities in New Brunswick to promote their attractions, beautify their surroundings, reform the sanitary equipment of their localities and cultivate an enthusiastic "boosting" spirit; the election of T. P. Regan, St. John, as President of the N.B. Automobile Association, of A. E. Trites, Salisbury, as President of the N.B. Sheep Breeders' Association, of A. R. Gorham, Gray's Mills, as President of the N.B. Fruit Growers' Association, of A. E. Trites as President, United Dairymen of N.B.

The United Farmers of New Brunswick. This organization did some active political work during the year and made pronounced progress in membership and influence. It was free of internal controversies but was not a unit with the Prairie Associations on the Tariff issue. Its annual Convention opened at Woodstock, N.B., on Feb. 3rd, with the President, T. W. Caldwell, M.P., in the chair. The report of the Secretary, C. Gordon Sharpe, showed that within a year the U.F.N.B. had grown from 48 branches with an aggregate of 2,800 members to 100 branches with an approximate total of 7,000 members; the financial report showed a balance in the treasury of nearly $2,000. It was decided to extend equal rights of membership to women and to form a Special Section to deal with their political problems. It was also suggested that a "Farmers' Sunday" be designated as an annual occasion on which the claims and services of the Agrarian elements in the Canadian community could be brought to the attention of the public. Two delegates were present from the newly-organized United Farmers of Nova Scotia. J. S. Wallace of Halifax, who laid before the Convention the programme of the Independent Labour Party, was given a cordial reception.

C. F. Alward of Havelock, President of the N.B. Farmers' and Dairymen's Association, stated that his organization was working toward the same ends as the United Farmers; he urged their support for the establishment of a public abattoir in New Brunswick which would aid the producer, by affording better marketing facilities, and the consumer by cutting down the price of beef. Roderick McKenzie of Winnipeg, representing the Canadian Council of Agriculture. and John M. Pratt of Winnipeg, representing *The Grain Growers' Guide*, delivered addresses along political organization lines and Mr. Pratt declared that Agriculture in Canada was showing an annual deficit of $110,000,000, while Manufacturers were showing profits of $260,000,000. The New National Policy would, he said, remedy this situation and he predicted that at the next Federal elections the farmers would return 16 members from Saskatchewan, 10 from Alberta and 11 from Manitoba. The officers were elected as follows: President, Thomas W. Caldwell, M.P., Vice-Presidents, J. Frank Reilly, of Westmoreland, and John Inch of York; C. Gordon Sharpe continued as Secretary-Treasurer.

At the Farmers' and Dairymen's Association Convention, Fredericton, Mch. 17, E. P. Bradt, Deputy Minister of Agriculture, and C. Gordon Sharpe of the United Farmers, shared the honours. The latter protested vigorously against an alleged anti-United Farmers' campaign in Canada and his references to the *Maritime Farmer*, an old-time agricultural journal of the

Province, aroused opposition. Application for membership in the Canadian Council of Agriculture was approved at the Toronto meeting of that body on Mch. 25, which Messrs. Caldwell and Sharpe attended as delegates. On April 1st a new weekly newspaper, *The United Farmers' Guide*, was established at Moncton, N.B., as the official organ of the United Farmers of the Maritime Provinces, with G. F. Chipman as Managing Director and G. G. Archibald as Editor. It was understood that *The Grain Growers' Guide* of Winnipeg controlled the journal and that it would be published in co-operation and be similar in form and style with an initial circulation stated at 15,000 copies.

In May the new organ made an important pronouncement on the relations of the Agricultural movement to Labour (reprinted by the Halifax *Herald*, May 22) in which it prefaced condemnation of the alleged Labour policy of an 8-hour day, high wages and limited production with the words: "Labour is heading for a fall. The condition is so plainly visible that the statement is more of a reality than a prediction. Labour seems to be blind, following blind leaders." In August time and energy were devoted to organization. A circular was sent out all over New Brunswick, by the Executive asking if the farmers were willing to organize branches and it was said that 700 replies were favourable with meetings arranged as a result in every County. One of these meetings was held at Fredericton on Aug. 17 with T. W. Caldwell and R. W. E. Burnaby, President of the U.F.O., as speakers and at which it was announced as the intention of the party to contest York-Sunbury at the next Federal elections. A series of meetings for organization followed and were found most effective in the ensuing Provincial elections.

Before the Tariff Commission in November the N.B. and N.S. Associations were represented at the St. John session with a general policy of reduced duties on articles of "first necessity" and objection to use of the Tariff as an aid to manufacturers in "paying dividends on watered stock" but without any vigorous opposition to a moderate tariff. Meanwhile, the United Farmers' Co-operative Co. of New Brunswick, founded in 1918 and operating a chain of stores for handling farm produce and the sale of farm supplies, had 23 establishments under its control in 1920; the subscribed capital was $268,000 and the membership over 4,300; in view of its success, the United Farmers of Nova Scotia decided to establish a similar chain of stores. The President was H. T. Rogers, Northampton, the Vice-Presidents W. S. Poole, St. Stephen, and Scott McCain, Florenceville, the Secretary-Treasurer Mrs. C. A. King, and General Manager, S. H. Hagerman.

The Provincial Elections of 1920 in New Brunswick.

There was one Provincial by-election in 1920 which resulted in the return of Hon. Dr. W. F. Roberts for St. John City (June 7) by acclamation—as the result of the Legislative action in attaching a salary to his Portfolio of Public Health in the Government; the County of Carleton in which a vacancy had existed since 1917—owing to the death of a sitting Conservative member—was still vacant. Meanwhile, the Legislature, though with another year to run, had held the 4th Session, which usually completed its term; the Prohibition referendum with issues which might be awkward to political parties, was disposed of in July; and on Sept. 16 the dissolution was announced with nomination day for Oct. 2nd and the Elections on Oct. 9. The Foster Government had a majority of 7 in the Legislature (27 Liberals to 20 Conservatives); the Opposition, since the Elections of 1917, had been led by Hon. James A. Murray, the defeated Premier of that time, but a change was under consideration.

On Sept. 18 the Hon. W. E. Foster as Liberal leader and Premier, issued a Manifesto to the Electors which he prefaced with the statement that he had advised dissolution because of many important questions which had arisen and in which the interests and the prosperity of the Province were vitally concerned, and also because the number of the electorate had been practically doubled by the extension of the franchise to women. It had, he stated, been a difficult time for all Governments, and he expressed appreciation of the popular confidence so far shown in him who, before 1917, was entirely unused to political life and had devoted his entire attention to the commercial business in which he was engaged. He reviewed the Departmental work of the Government and stated that in Finance: "Our revenues have increased, as well as our expenditures. We have been able, owing to the favourable rate of exchange, to reduce the Debt incurred in the construction of the Valley Railway by $685,412, taking up our bonds upon the English market at a low rate of exchange. We have introduced, for the first time in the history of the Province, the principle of an independent system of audit."

The greater part of the revenue came from Crown Lands and he pointed out their record in that respect: "As the value of the lumber products increased, the Government asked the licensees of Crown Lands to pay increased stumpage and last year we had the satisfaction of seeing this revenue far greater than ever in the history of New Brunswick and for this year, 1919-20, the estimate of the Minister of Lands and Mines of a territorial revenue of $1,400,000 will, I am credibly informed by the officials of the Deprtment, be exceeded by at least $25,000. Contrasted with the total revenue of the Crown Lands Department in the year 1917 of $544,191, people will readily conclude that our administration of this chief property of the Province has been very greatly to the advantage of the revenues and, therefore, of the public services." Improvement of the public highways was the next point and was intended to meet the demands for better roads to carry produce and for use of motor vehicles; the Government had agreed to join with that of the Dominion in spending $1,800,000 in the next four years with $1,200,000 to be spent by the Ottawa Government.

Agricultural education in the Schools, classification of the forests, promotion of school gardens, encouragement of Women's Institutes, increased live-stock and provision of pure-bred stock for sheep and cattle, Government supplies of ground limestone to the farmers, were referred to and the general work of the Minister of Agriculture eulogized. The formation and operation of the Workmen's Compensation Board and of the Public Health Department were specified; the success of the latter in clearing the Province of small-pox, in providing for medical examination in all schools, in obtaining actuarial records—in fighting tuberculosis and erecting and maintaining rural and cottage hospitals with the assistance of the Red Cross—was praised; the increased grants for Teachers' salaries and appointment and administration of the Vocational Board with its special schools throughout the Province was dealt with.

As to Water-power development, Mr. Foster asked approval for the projected expenditures: "The Government has determined upon the development of the tremendous water powers at Grand Falls; whatever is needed to bring this about, will be done. The Dominion Water-Power engineer, K. H. Smith, has given largely of his time and ability to produce the same splendid results in New Brunswick (as in Nova Scotia) and this public acknowledgement is due him. Tenders for the work in connection with the development at Musquash and Shogomoc have already been advertised and in a short time there is no doubt but that work will be begun on these most important projects." The Prohibition plebiscite had shown the Government the proper course to pursue: "More direct Government control of the importation and distribution for sacramental, medicinal and industrial purposes, seems advisable, and it is our intention to organize at the earliest opportunity a Commission which will have full charge of such importation and distribution within the Province." Reference was made to the franchise given to women while co-operation was being sought with the Dominion authorities in the enacting of better laws for the protection of wage-earners, the prevention of accidents, the settlement of labour disputes.

As to the Valley Railway (the St. John and Quebec line) the Premier spoke of its completion to Westfield and operation by the C. N. R. with temporary running rights into St. John over the C. P. R.; "This tremendous undertaking, begun in 1912, has cost the Province about $7,000,000, the annual interest upon which amounts to about $250,000 more than the 40 per cent. of the gross earnings, which must be paid each year by the Province. The Dominion Government should assume the liability for the bonds guaranteed and issued by New Brunswick in connection with the construction work between Centreville and Westfield and to continue the line as originally planned to Grand Falls and own, as well as operate, the whole Valley system, thus carrying out the Federal policy of acquiring smaller railways feeding the big through trunk lines." The Government's announced policy for the future may be summarized as follows:

1. To accept the advice of the agriculturists, through collective action, as to the best means of furthering their interests, of bettering our policy, and of increasing their markets.
2. To make New Brunswick self-supporting; to raise enough wheat to supply all the people of this Province with flour; to give such further assistance for the erection of flour mills as will make it possible for every farmer to easily convert his grain into flour and feed; to assist agricultural societies and communities to buy seed grain.
3. To press for the same Federal treatment re the Valley Railway as was given the Western Provinces and Nova Scotia when they were relieved of Railway obligations by the absorption of the Canadian Northern.
4. To lend most vigorous support to Hydro-electric development and to further the same by using the credit and resources of the Province in order that the people may have the cheapest power and light for their use.
5. To continue our policy for the improvement of all the roads of the Province, back roads as well as front, farmers' roads as well as those for the use of automobiles.
6. To give further encouragement to Education, not only in the common schools of the Province, but to vocational education and to agricultural education.
7. To provide such Labour legislation within Provincial jurisdiction as may be called for by the findings of the National Industrial Conference and the International Labour Conference.
8. To conserve energetically and carefully our timber resources, to give every encouragement to the development of mining areas, to continue our policy of protection of public health and such assistance as we can to hospitals and institutions.
9. To enquire into the best methods of inducing immigration to the Province and to make such arrangements with the other Maritime Provinces as will be conducive to this.

During the ensuing weeks candidates supporting the Government were arranged for in every constituency except two and in two of the 48 seats Liberals were elected by accamation; the Conservatives nominated 26 candidates and the United Farmers 26 while one Independent Farmer, 4 Labour, one soldier and 3 Independents also ran. The Farmers had no complete political organization, with leader and a defined Provincial platform, but they used the general principles of the United Farmers' Platform and appealed to the idea of class representation and power. So it was with Labour which, however, had the Resolutions of the N. B. Federation of Labour, passed at its Convention of Mch. 11 to fall back upon and including the following requests: (1) To legislate against storing food products more than 30 days in cold storage; (2) to establish centralization in administration of all Labour laws; (3) to give a uniform system of sanitary plumbing based on modern standards combined with examination and licensing of master and journeymen plumbers; (4) to exact for motormen and conductors 14 days' training; (5) to use the union label on all Government printing; (6) to amend laws so as to guarantee workers' wages without forcing the latter to go to law; (7) the election of civic and municipal officials now appointed by Council and Government; (8) free school books and supplies up to Grade VIII inclusive; (9) immediate steps to take over and control all necessities of life in order to prevent any further exploitation of the people; (10) to appoint representatives of workers on all public boards.

The Conservative Opposition was not in a good position for fighting an Election. Rightly or wrongly the reputation of the Flemming Government in which Mr. Murray had a place and to the leadership of which he succeeded was not one to conjure with; the party arranged, shortly after the calling of the contest, to have Lieut.-Col. the Hon. J. B. M. Baxter, K.C., a popular and respected Conservative and one-time Attorney-General, to accept the leadership; others prominent in the days prior to 1917 contested seats, however, and the Liberal press and speakers made much of the fact. Following the meeting at which he was elected Leader, on Sept. 23, Mr. Baxter issued the following statement: "The Opposition Party, of which I have been selected as the Leader, will go into this campaign resolved to re-create itself in accordance with the best traditions of its past history. It will stand essentially for prudent administration of the Province, avoiding increase in the bonded debt for services which can be met out of the annual revenue; for increase of that revenue without imposing undue burdens upon any section of the people; for government on constitutional lines by the people through their representatives and for recognition of the right of all the people to share in the administration of the affairs of the Province without any distinction based upon race or class or creed."

As an Opposition, much was made of the financial situation and a half-page advertisement in the press urged defeat of the Government because it had received from stumpage dues and various items of taxation $459,830 more of an average yearly return than had the preceding Government yet had piled up in three years of administration an alleged deficit of $802,000 and had added $5,000,000 to the Public Debt of the Province. Mr. Baxter spoke at Fairville, St. Stephen, St. John, Fredericton and other places during a vigorous speaking campaign and, on the eve of the issue, announced that should the Opposition be returned to power: "It will be one of my first duties to examine the Provincial accounts for the purpose of ascertaining whether, in view of the financial condition of the Province, the existing Amusement Tax may be abolished. It will also be an immediate duty to revise the methods of administration of the New Brunswick Prohibitory law, for it is wholly unjust that municipalities should be burdened with the cost and responsibility of such administration, and at the same time be deprived of a fair share of the revenue resulting from fines, etc."

Meanwhile, the Premier had spoken at a number of places, including St. John and St. Stephen and had urged the points specified in his Manifesto; one of those who rendered marked assistance as a speaker was Mrs. E. Atherton Smith of St. John. On the day before the polling, Mr. Foster issued a final appeal: "Please remember that every vote cast against a recognized supporter of the Foster Government is a vote against the Government and its policies. The Government can only be sustained by the election of men who have full confidence in it, and to be a strong and efficient Government it must have behind it a substantial majority in the House. My pledge is, if sustained, to give progressive Government in the interests of the whole people." Incidents of the contest included the nominations of J. A. Murray, G. B. Jones and B. Frank Smith, members of the late Murray Government, in different ridings; the contest in Kent and Charlotte between Government and joint Opposition-Farmer candidates and in Westmoreland and Northumberland between Government and joint Farmer-Labour candidates; straight contests in King's, York, Queen's and Carleton between Government, Opposition and Farmers' tickets and in 4 other seats between straight Government and Conservative candidates; the Government and Farmers in Victoria and Sunbury fighting a straight issue and, in Moncton, Government, Conservatives and Labour.

An active part was taken by E. S. Carter in the campaign on behalf of the Premier though not himself a candidate. The result of the struggle as stated in the press of Oct. 11 looked like a Government defeat or an even 24 Liberals to 15 Conservatives, 5 Farmers and 4 Independents; but several seats were in doubt, the attitude of the Independents was in doubt and it was a question if the farmers would join the Conservatives—even if they could do so—in defeating a Liberal Government. Mr. Foster issued a statement that: "The Administration is in a much better position than it was before the Election for, while it is true that we have three seats less than we had in the last House, the Opposition has seven less. The Government will give the fullest possible effect to progressive policies." As eventually and officially stated, the results were as follows:

Constituency	Name	Majority	Politics
ALBERT	Lewis Smith	423	Cons.
"	John L. Peck	407	"
CARLETON	R. K Tracey	859	Farmer
"	Fred W. Smith	1180	"
"	Samuel J. Burlock	250	"
CHARLOTTE	Henry I. Taylor, M.D	159	Cons.
"	Scott D. Guptill	32	"
"	John M. Flewelling	35	"
"	John W. Scovil	2	Liberal
GLOUCESTER	Hon. P. J. Veniot	2821	Liberal
"	Hon. J. P. Byrne, K.C.	2771	"
"	Seraphin Leger	2680	"
"	John G. Robichaud	2666	"
KENT	Hon. A. Allison Dysart	707	Liberal
"	Auguste J. Bordage	685	"
"	Philias P. Melanson	696	"
KINGS	Ormond W. Wetmore	71	Liberal
"	George B. Jones	48	Cons.
"	Hedley V. Dicksou	42	"
MADAWASKA	Hon. J. E. Michaud	Acclamation	Liberal
"	Donat L. Daigle	"	"
NORTHUMBERLAND	John Vanderbeck	2017	1nd. Lib.
"	Fred A. Fowlie	1551	" "
"	John S. Martin	1465	" Lab.
"	Charles J. Morrisey	1378	" "
QUEENS	George H. King	351	Liberal
"	Hon. J. E. Hetherington	475	"
RESTIGOUCHE	David A. Stewart	——	Cons.
"	Henry Diotte	——	"
ST. JOHN COUNTY	Jobn B. M. Baxter	18	Cons.
" "	L. M. Curren, M.D.	24	Liberal
ST. JOHN CITY	Hon. Walter E. Foster	534	Liberal
" "	Hon. Wm. F. Roberts	338	"
" "	Robert Thos. Hayes	30	"
" "	William E. Scully	1019	"
SUNBURY	Hon. D. W. Mersereau	722	Liberal
"	Robert B. Smith	747	"
WESTMORLAND	Hon. Fred Magee	362	Liberal
"	Fred E. Estabrooks	194	"
"	A. Chase Fawcett	135	Farmer
"	Reid McManus	132	Liberal
MONCTON CITY	Hon. C. W. Robinson	518	Liberal
YORK	James K. Pinder	801	Cons.
"	John A. Young	740	"
"	Charles D. Richards	764	"
"	Samuel B. Hunter	695	"
VICTORIA	George W. Warnock	160	Farmer
"	D. Wetmore Pickett	184	"

This showed 24 Liberals, 14 Conservatives, 6 United Farmers, 2 Independent-Liberals and 2 Independent-Labourites who were supposed to be Liberal in politics; Restigouche was uncertain—in this constituency two Conservatives were elected but a protest was entered on the ground that two of the other candidates had illegal nomination papers. The final decision favoured the elected candidates. The Conservatives lost from the House Hon. J. A. Murray, Hon. B. Frank Smith, L. P. D. Tilley, K.C., F. L. Potts and Dr. J. Roy Campbell; the Government had 2 Ministers defeated—Hon. Robert Murray and Hon. J. T. Tweeddale. The Government, however, carried on and was able to obtain a working majority.

Prince Edward Island in 1920: Legislation and Conditions.

This small Island-Province, with less than 100,000 people, continued to make its history along the same constitutional lines as populous Ontario and Quebec or the vast Provinces of the West. The Lieut -Governor was Murdoch MacKinnon, a former Provincial Minister, the Premier since Sept. 9, 1919, was Hon. J. H. Bell, K.C., a Liberal in politics; his three Ministers were Hon. W. M. Lea, Hon. Cyrus W. Crosby and Hon. James J. Johnston with five others holding no Portfolio; the Legislature was made up of 24 Liberals, 5 Conservatives and 1 Independent. The General Assembly was opened by His Honour on April 6 and closed on May 22, 1920. C. Gavan Duffy was elected Speaker and the Speech from the Throne, after referring to the signing of the Peace Treaty, the visit of the Prince of Wales, and the unprecedented prosperity enjoyed by the Province in the past year, foreshadowed Bills to increase the Teachers' salaries, to fund the Provincial Debt, to take advantage of the Federal Government's grant under the Highways Act, to increase the revenue by levying an equitable system of taxation, and to supply the 60 per cent. required from the Province in order to secure the Federal 40 per cent. for roads by funding the automobile license fees.

The legislation of the Session included an elaborate Road Act defining the methods of construction and maintenance to be followed in creating and conserving public highways; a Bill to promote the Improvement of Highways and to take advantage of the Federal Act by raising, through Provincial Loan, a sum of $250,000 with the funded license fees from motor vehicles as the security; an Act to assess, levy and collect taxes on Property and Income to include, besides personal property and income, lobster factories and canneries and certain corporations. It provided for an estimated additional revenue of $200,000 or $300,000, and an increase of land tax from about ¼ of 1 per cent. to ½ of 1 per cent., a poll-tax of $3 on every male resident over 21, increase of taxes on banks and corporations, and an Income tax on a sliding scale—the rate ranging from 1 per cent. on $500 taxable income up to 10 per cent. on $20,000. The first $500 of every income was exempt.

An Amusement Tax Act imposing one cent on all admissions to theatres, etc., and an Act to amend and consolidate the several Public School Acts which gave power to establish a complete Island system, to appoint a Chief Superintendent of Education with an executive council, to organize Inspectorial districts, to arrange and increase teachers' salaries, etc., were also passed. Another measure increased the salaries of the Premier, Minister of Agriculture, and Commissioner of Public Works from $1,500 to $2,000; the Attorney-General's salary from $1,200 to $2,000, and the Sessional indemnity of each member from $200 to $500.

The Opposition Leader was offered a salary of $1,000 which he declined to accept. The Government was authorized to issue debentures up to $350,000 at 5½ per cent. in order to pay off existing overdrafts; an Act was passed respecting the law of partnership which established the legal conditions and limitations of such a relationship and another legitimatized a child in cases where the parents married after its birth; the Factory Act dealt with contracts in relation to goods in possession of agents and others and another Bill increased the various legal fees and charges which could be made by Courts and lawyers.

An Act was passed giving certain grants to Agricultural Institutes and Societies and another for the Suppression of Infectious and Contagious Diseases among Bees; a measure was passed to encourage the discovery and development of Oil and Natural Gas. The Public accounts of the Province for the year ending Dec. 31, 1919, showed Receipts of $506,858 and Expenditures of $652,000 with $78,946 more on capital. The Premier's Budget on May 16 showed this deficit of $233,000 but the estimated revenue for 1920, inclusive of the new Taxation policy, was $760,000 with expenditures of $740,000. In his address. Mr. Bell stated that the Government which had just gone out had not only expended the two half year subsidies from Ottawa, but $137,000 additional and had gone behind by $230,000. The new Taxation Bill would give between $250,000 and $300,000 additional revenue; teachers would receive $100,000 more from the Government in 1921 and about $50 000 more in 1920 and there would be a large increase in expenditures for public works. The Government would take advantage of the Federal Highway grant and borrow $250,000 by funding the auto license fees while receiving $165,000 from the Federal Government. The Opposition Leader, Hon. A. E. Arsenault, denounced the Government for carrying out a policy which it had opposed before taking office.

The Fox ranching industry was the chief one apart from Agriculture. On Mch. 29, 1920, E. R. Brow, Secretary of the Silver-Black Fox Breeders' Association, Charlottetown, stated that the approximate number of silver and black foxes now in captivity in the Province was between 5,000 and 6,000 pairs; the number of red foxes was comparatively small, and probably not over 100 pairs. During 1919 about 1,000 foxes were exported at a value of $300 000 while 2,500 pelts were sold, with $75,000 realized. During 1920 the industry was well represented at the Wild Life Conference in Montreal on Feb. 19-20 and, at the 1st International Live Silver Fox Exhibition there, on Nov. 24 when the Island easily held premier place in the number of animals exhibited and also in the number of prizes won. Great benefit to the industry came from the organization of the Canadian Auction Sales, Ltd., organized in 1919 by Senator L. C. Webster and other capitalists at Montreal with a view to conserving and developing an important natural interest of Canada. Heretofore Canadian furs, acknowledged to be the best in the world, had been marketed in Europe and after that market, owing to the Great War, had been practically closed, the St. Louis and New York fur auction sales became the medium for the marketing of the bulk of the Canadian furs.

This situation was changed in 1920 to the great advantage of the Island and the industry found itself established on a permanent and paying basis. The Island had a prosperous year in various directions with an estimated total value in Field crops of $18,520,400, including $906,000 for spring wheat, $3,567,000 for oats, $4,013,600 for potatoes, $1,359,000 for turnips and mangolds and $7,909,000 for hay and clover. During the year the local Canadian Farm Products Association, Ltd., one of the earliest co-operative organizations in Canada and dealing chiefly in poultry, eggs and potatoes, reported a membership of about 3,000 and profits on egg shipments alone of $47,000. There was little manufacturing, the total capital investment was $2,886,662 (1918) and the production $5,693,878 with 1,467 employees; the imports in 1920 were $33,869,948 and the exports of merchandise $326,442; the fur-pelts sold in 1919-20 were valued at $660,704.

PUBLIC AFFAIRS
IN
THE WESTERN PROVINCES

The Norris Government in Manitoba: Administration and Policy during 1920.

Manitoba, during this year, celebrated the 50th anniversary of its establishment as a Province of the Dominion on July 15, 1870; it also marked on May 2nd the 250th anniversary of incorporation by Charles II of the world-famous Hudson's Bay Co.—the oldest and most historic trading concern in the world; on Apr. 8 it honoured the memory of the death one century before, of the Earl of Selkirk, founder of the Red River Colony. Politically, the Government of Hon. T. C. Norris entered the year with an overwhelming Liberal support in the Legislature; at the close of the year the Conservatives, Farmers and Labour members, if combined, would have held a majority of the members. Speaking in Brandon on Jan. 1st at a banquet in honour of Manitoba's half-century in Confederation, Mr. Norris reviewed the work of his Government during the past 5 years.

Since taking office in 1915 his Government had, he claimed, through the Rural Credit scheme, given cheaper money to the farmer and solved a serious problem: "Rural Credits, commenced in 1917 with one operating Society in Kildonan, which loaned about $18,000 during that year. In 1918 there were 10 societies actually in operation, and in 1919 the number had increased to 38, which passed credits to a total of over $1,000,000 at a lower rate of interest than farmers have ever before enjoyed in the history of Western Canada." The Manitoba Farm Loans Act, administered by the Farm Loans Association, also had become a useful agency along the line of cheaper money: "It provides for 30-year 1st mortgage loans at a maximum interest rate of 6 per cent., the principle being repayable yearly on the amortization plan. Operations were commenced in 1917 and already the Association has loaned over $3,375,000 to farmers in over 90 of the 101 rural municipalities of the Province." But there was more for the farmers than this: "The Settlers' Animal Purchase Act was passed at the 1916 session of the Legislature and, familiarly known as the 'Cow Scheme,' was designed, originally, to help certain needy settlers in the big district between Lakes Winnipeg and Manitoba. They were helped to help themselves."

From one to 5 cows were supplied to each applicant at cost. Purchasers were required to form groups of 10 members, and each was responsible for the re-payment by his group to the extent of one-tenth of the amount of his own individual purchase. Repayment was made in 5 annual installments with interest at the cost of the money to the Government. The Provincial Board of Health had been re-organized and a system of rural nursing established for the purpose of giving instruction in sanitation and hygiene in the schools and the homes; Mothers' Allowances or State Pensions for dependent mothers were provided by 1916 legislation and in this as in Rural Credits and other things Manitoba had blazed the way and so with Minimum wages for women. The Workmen's Compensation Act of 1916 was referred to at length as well as the high credit of the Province, illustrated by the recent sale of $4,000,000 worth of Provincial bonds of five-year term, bearing 6 per cent. interest, at a price of 102·81.

Following this incident came a decision, on appeal, before Chief Justice T. G. Mathers, at Winnipeg, in the case of Kohanko *vs.* Tremblay, which involved the right and power of the Workmen's Compensation Board of Manitoba to order certain payments by a contractor in compensation to an injured worker and without the right of appeal—the Board considering itself a Court of last resort. The Provincial Attorney-General associated himself with the action and claimed that the Act was *intra vires* of the Legislature of Manitoba and had been adopted, homologated, ratified and sanctioned by the statutes of Canada, 8 and 9 Geo. V, cap. 15. The decision given on Jan. 23 was that the appointment of the Board was a direct violation of the B. N. A. Act, and the Chief Justice declared that if the Workmen's Compensation Board provided for by the Act was a Superior Court—as was claimed and apparently accepted—then the appointments, tenure of office, payment of salaries, etc., lay with the Dominion: "I come, therefore, to the conclusion that the provisions of the Act respecting the appointment and payment of the salary of the Board are *ultra vires* of the Province as being in conflict with the powers reserved to the Dominion by Sections 96, 99 and 100 of the B. N. A. Act." Appeal was taken and the Provincial Court of Appeal on Feb. 25 reversed this decision. The judgment declared that: "The Board, as created, is an administrative body and not a Court of Justice. It is not, in the opinion of this Court, a supreme court. Some provisions of the Act are of a drastic, almost revolutionary nature. But the Courts have nothing to do with the policy or the legislation of the Act. To the Board the Provincial legislation has entrusted exclusive jurisdiction. The actions and decisions of the Board are final." This decision also affected the case of the City of Winnipeg *vs.* the Winnipeg Street Railway in which the jurisdiction of the Public Utilities Act was involved.

There were many important Government reports during the year. The Hon. Dr. J. W. Armstrong, Provincial Secretary, submitted during February a statement as to the Health Department and its policy. Less than 4 years before the first health nurse had been engaged and three others were added the same year; the Minister was able to report the engagement of 16 in 1918 while at this date the staff consisted of 36 with still more qualified nurses required for new fields; 21 municipalities were added in 1919 to the territory assigned to the staff of nurses, and about one-half of the Province was covered. The Child Welfare Section of the work was also dealt with. Three of its stations were in operation and 700 children had passed through the hands of the nurses: "In the localities too sparsely settled for Welfare Stations—and most of the Province is in that condition yet—the mothers and children assemble in small groups in the homes, where demonstrations are made and instructions given." The School branch work had been satisfactory and 13,373 children had been examined for the first time; 11,251 received a second examination; 8,039 of these were found defective; 1st aid and any other treatment that the nurses were able to administer were given to 5,022 of them; 1,500 received medical treatment as the result of recommendations by the nurses to the parents of the children.

Tuberculosis was being well handled by the Ninette Sanitorium and venereal diseases dealt with through regulations and a Clinic at Winnipeg; under the Hospital Act of 1919, 8 districts had been constituted, and others were under way. The annual Report of the Provincial Board of Health for 1920 carried further the review of these activities. It showed that since the beginning of public health nursing in the Province over 60,000 children in the schools had benefitted by inspections and special care; the Food inspection work had developed steadily and the number of licenses issued for slaughtering establishments increased from 148 in 1918 to 255 in 1920, with old and unsuitable buildings being replaced by new ones of sanitary construction. The use of serum and vaccine was greatly increased during the year and it was claimed that smallpox had been curbed and kept under control by the use of vaccine. During the year 15,376 cases of contagious diseases were reported of which 6,274 were measles and 3,913 scarlet fever. The Report of the Provincial Psychiatrist, Dr. A. T. Mathers, covering the Mental diseases, dealt with at Brandon and Selkirk and the Psychopathic Hospital, Winnipeg, showed 691 patients of whom 297 were women with 48 complete cures during the year and 137 discharged as improved.

Another Report submitted in April was that of the Hydro-Electric Power Commission which, under authority of an Act of the previous year and the guidance of Hon. G. A. Grierson, Minister of Public Works, and J. M. Leamy, Power Commissioner, had been doing good work. Its mission was, in a general way, to connect the immense power of the Winnipeg River with the Province generally. Previously Greater Winnipeg only was able to utilize the power so generated and the original Act provided for a preliminary outlay of $350,000. By further legislation in 1920 this Act was changed so as to enable the Commission to serve, under specified conditions, villages and rural districts, as well as incorporated towns and cities. Under this general scheme the Government financed the preliminaries of production and construction of plant but did not undertake to construct transmission lines or distribute power without cost; the municipalities had ultimately to carry the cost of construction, operation and transmission by annual re-payments. This transaction, until the debt was paid, might cover a long period of time, and, meanwhile, the only charges which the municipalities would have to bear for the power received was the expense of the upkeep and operation of the line. The charges of the Government provided for a sinking fund so that at the end of the term of payment the sinking fund would be sufficient to defray all equipment and replacement charges. At the 1920 Session, it may be added here, the appropriation under the Act was increased from $350,000 to $1,000,000; during this year the transmission line to Portage la Prairie from Winnipeg was well under construction at a total cost, with equipment at Winnipeg and Portage, of $275,000; large plans for the future were being mapped out and developed.

The annual Report of the Government Purchasing Department—operating under the Public Works Department—for 1919-20 showed an estimated saving to the Province of 10% up to 40 % in various cases and varying sums. Butter purchased for the Manitoba Agricultural College, coal for the Central Power House and the College, and 1,000 feet of steel cable for public purposes, were given as specific cases of considerable saving in cost. The Report of the Hon. Valentine Winkler as Minister of Agriculture for the year of Nov. 30, 1919, was submitted to the Legislature in 1920 and showed a period of good average crops with a labour situation distressing to the farmer and a retarding influence in production; the sale of a large number of improved farms to American settlers and a rise in farm values of from 25 to 50 per cent. in the year; the winning during the year of highest prizes at the Toronto Exhibition and of 89 prizes at the International Soil Products Exposition; the passing of many important agricultural Acts and assistance to drouth areas in the South and to a section over-run by grasshoppers. Mr. Winkler died on June 7 and was succeeded on Sept. 15 by G. J. H. Malcolm, member for Birtle since 1909 and a farmer.

President J. B. Reynolds' Report as to the Manitoba Agricultural College for 1919 showed a total of 1,124 enrolled during the year, of whom 263 were students in the long courses in agriculture, 130 in home economics and 731 in the various short courses conducted by the College. The retirement (July 1) of

Mr. Reynolds, who went to the Ontario Agricultural College at Guelph, brought to Manitoba a new President in the person of John Bracken, of Alberta. President Bracken found the organization of the College for teaching purposes in very good condition; during 1920 an agricultural survey of the Province was undertaken. The Manitoba Government Telephones for Nov. 30, 1919, gained 7,094 subscribers' stations and an increase of $202,090 in revenue with an increased expense of $237,778. The total number of stations was 44,055 local and 14,799 rural; there were non-government connecting systems numbering 3,089. The Assets totalled $15,685,174 of which $11,173,755 was the value of the plant; the Liabilities included $12,679,537 as the Government investment and $2,434,129 Replacement reserve; the current year's deficit was $25,691. George A. Watson was Commissioner.

The 8th annual Report of the Public Utilities Commission was presented to the Legislature on Feb. 4 for Nov. 30, 1919. It embodied the various decisions and orders made affecting public utilities throughout the Province, and the measures adopted for their betterment in the public interest. Under the Sale of Shares Act, 12 general certificates were issued, and three refused. Special certificates to the number of 12 were issued. It was stated that the Commission had approved of the shares and stocks listed on the Montreal, Toronto and Winnipeg Stock Exchanges. Every possible vigilance was being exercised by the Commission to prevent undue or misleading statements being published regarding Mines. Many mining companies had been incorporated and numerous foreign companies prevented from getting schemes before the public which the Commission found undesirable. P. A. Macdonald was the Commissioner.

A Report was also presented from the Commission on Assessment and Taxation—appointed July 26, 1918—and though not unanimous was signed by the great majority of the members. The 12 who did so were as follows: E. M. Wood, Deputy Municipal Commissioner, (Chairman); L. W. Donley, Winnipeg Assessment Commissioner, both representing the Government; Aldermen Fowler and Pulford, representing Winnipeg; Prof. A. B. Clark, of the University of Manitoba; D. D. McDonald and Robert Forke, for the Union of Municipalities; W. J. Christie and J. H. Parkhill, for the Board of Trade; Peter Wright of the United Farmers; J. H. Curle, for the Retail Merchants' Association; Reeve J. F. Fielde, for the suburban municipalities. The recommendations may be briefly summarized:

1. Appointment of a permanent Provincial Tax Commission with control of the entire administration of the assessment laws of the Province, excluding cities.

2. Establishment of an Income tax for cities, towns and villages, a Business tax levied on net profits, a heavier Succession tax on large

estates; maintenance of a real property tax and application of motor tax revenue to roads.

3. Abolition of the Amusement tax and the Poll-tax with substitution for the latter of a levy for statute labour in rural municipalities.

4. The compulsory establishment of municipal rural school boards.

5. That exemption of Church property in urban municipalities be limited to the church building itself and the land upon which it stands; and that the exempted portion be liable to be sold along with the non-exempted portion of the site for arrears of taxes upon the latter.

6. That in the case of creameries and cheese factories the exemption be limited to $5,000; and that hereafter no exemptions of any kind be granted by municipalities without a vote of the rate-payers.

7. That urban taxation be based on (a) the assessment value of real property, (b) business, (c) income, (d) special franchises, (e) licenses.

8. That land be assessed at its value; buildings and other improvements at two-thirds of their value and that in rural municipalities taxation be on the assessed value of land only—in the case of farm land; and on the value of land and buildings, and on net profits of business and on incomes in unincorporated village areas.

9. That a model system of assessment and tax reform should include the selection, length of engagement, remuneration, and general control and direction, of municipal assessors by a capable central authority.

Meanwhile, on Mch. 30, there was made public the Report of H. A. Robson, K.C., the Commissioner appointed by the Norris Government to investigate the causes and conditions of the Labour troubles of 1919 in Winnipeg. The Commissioner found that the character of the *Western Labour News*, from its inception in August. 1918, was toward radical socialism, rather than craft unionism, and that the circulation of this paper had a large part in stirring up discontent and bringing it to a head. He also found that the specific and immediate cause of the general strike was the refusal by the employers in the iron contract shops to recognize the demands of their workers on the method of collective bargaining indicated by the Metal Trades Council. Mr. Robson described the general strike as an attempt by direct action to secure the demands of labour. The all-embracing nature of the Strike was dealt with and it was stated that 12,000 members of trade unions struck, and were accompanied by about 12,000 who were, at the beginning of the Strike, unorganized.

The Commissioner dealt with conditions as controlled, largely, by Socialist workers converting the foreign element to their views and precipitating the larger struggle with a view to Socialist success and the thrusting of themselves into leadership. He declared that the Union leaders were persistent in their drastic methods regardless of the consequences of a complete cessation of labour in every avenue of life; that there was loss of life other than that caused by the riots but that Labour leaders frankly said at the Enquiry that even this had to be suffered if necessary to bring the community to a realization of

Labour's demands. The financial loss was described as uniform and all-embracing. Mr. Robson recommended the immediate putting into operation of the Provincial Industrial Conditions Act which, though passed and proclaimed, had not been made operative owing to the refusal of Labour to co-operate in its application or submit names for appointment to the proposed Joint Council of Industry; he urged that this body, when constituted, should investigate co-operative methods and means for reducing the distributive cost of products to the consumer.

Early in the year the 3rd Report of the Manitoba Mothers' Commission—Ald. George Fisher (Chairman), Mrs. T. R. Deacon, Mrs. John Dick, J. H. J. Murphy and F. G. Tipping—was made public covering a 17 months' period. During this time 22 municipalities had formed Committees under the Act with a total of 55 operating; in the 12 months ending Nov. 30, 1919, there were 519 applications under consideration with 214 granted and 26 refused; families under allowance at the above date were 362; the aggregate allowances were $205,157 and the total for the whole period of the Act $327,289; the estimated requirements for 1920 were $350,000. Robert Wallace, Commissioner for Northern Manitoba, reported for the year of Dec. 1st, 1919, that the sale of liquor in these centres of mining, fishing, trapping, and lumbering should be in the hands of the Government; that the policy of the Game Act officials was one of education in the law and in respect for its terms; that school work and buildings were growing with settlement and had various difficulties; that a Medical Health Officer should be appointed for the territory. He reported a mineral production of $694,633 in the year, Timber $588,300, Fish $163,000, Agriculture $144,800 and Furs $1,867,000. The resources of the region were described as very great and the need for roads, railways and a dock at The Pas equally great.

Mr. Premier Norris as Railway Commissioner, stated the Provincial mileage at 4,463 and said that the Dominion authorities had continued their protection of Provincial guarantees in the Canadian Northern matter. The Report of the Good Roads Board for 1920 showed 22 municipalities working under "The Good Roads Act" equipped with standard grading machinery and building satisfactory roads at a fairly reasonable cost. In accordance with the Dominion Highway Act, a new system of roads in the Province was submitted to Ottawa, approved by the Minister of Railways and applications made for aid on 11 projects upon which work had already been done by the Board during the year. A large programme of bridge construction, also, was carried out and the major part of these structures were of reinforced concrete. During 1920, 229 miles of roads were gravelled, 845 miles improved as earth roads, 129 concrete structures built by the Department.

On July 15, the 50th Anniversary of the Province was marked with the formal opening by Sir James Aikins, Lieut.-Governor, of the new Parliament Buildings. Since 1870 the area of the Province had grown from 13,000 to 235,000 square miles; the population from 17,000 to about 600,000. The ceremonies were impressive with a message from H.E. the Duke of Devonshire, a brief speech from Sir James and an historical reference by Mr. Premier Norris. The architect, F. W. Simon, was congratulated on the final result of this prolonged work of construction—prolonged by political and not architectural conditions—as being worthy of Canada and the Province. The celebration of the 250th anniversary of the founding of the Hudson Bay Company or, as it actually was, the Governor and Gentlemen Adventurers of England trading into Hudson's Bay, was marked in many ways—a banquet at Montreal, on April 26, with Sir Robert M. Kindersley, G.B.E., Governor of the Company, as the guest of honour; spectacular pageants, banquets, etc., at Winnipeg beginning on May 3rd, and a six weeks' tour by Sir R. Kindersley of the Hudson's Bay posts throughout Canada. At this time 250 of these one-time famous posts were in existence and in every part of Western Canada they were woven into the history of the country; in Montreal and Winnipeg the records of the Company were amongst the most important of their historic possessions.

Incidents of the year included the revival of the famous Kelly matter (re Parliament building contracts under the Roblin Government) when the Appeal Court in October heard Kelly's case against ratification of the Arbitration Board's assessment of $1,207,351 and interest since 1914, to be repaid by Thomas Kelly & Son to the Government. On Oct. 12 Hon. G. A. Grierson, Minister of Public Works stated that his Department had incurred $2,000,000 of expenditures during the fiscal year 1920 which included new Parliament Buildings, $600,000; annex for University of Manitoba, $200,000; Brandon Hospital for Mental Defectives, $250,000; laundry building at Selkirk Hospital for Mental Diseases, $100,000; provision for mental defectives $100,000; Demonstration farm, $25 000; Ninette Sanitarium building-grant $50,000; Government Elevator repairs $30,000; Rural Credits, $10,000 and Manitoba Farm Loans $50,000. On the same day a delegation of Manitoba Civil Servants asked the Government for increased wages, superannuation rights, and Group insurance; on Oct. 22 the appointment of J. G. Wray, Telephone Engineer of Chicago, was announced by Hon. T. H. Johnson, Minister of Telephones, to make an exhaustive survey of the Manitoba Telephone system and to report recommendations as to making it more efficient.

At the close of the year, Dec. 16-17, the Premier and Hon. Mr. Johnson attended a Conference at Ottawa to discuss this Provincial control of natural resources and on the 18th were in Toronto when they conferred with Mr. Premier Drury as to the

Backus matter and English River Pulp concessions—Mr. Norris insisting that the electric power of the Winnipeg river affected Manitoba interests which should not be prejudiced. Another matter of interest was the Report of the Fair Wage Board for the Province issued in May, and completing a schedule for 75 per cent. of the trades connected with the building industry and showing an increase of from 20 to 25 per cent. over the past year's schedule. Stonemasons and bricklayers received the highest wage per hour, *viz.*, $1.25; the lowest wage for labourers and teamsters was 60 cents an hour. The Report of the Fire Insurance Commissioner (Charles Heath) showed insurance premiums collected during 1919 amounting to $10,442,945 while losses paid out totalled $4,697,531; 42 licensed Insurance companies were doing business in the Province under the Act and 170 registered companies were in existence.

Government appointments of the year included that of W. A. Travers Sweatman as a Commissioner for the promotion of uniformity of legislation in Canada in place of W. J. Tupper, K.C., M.L.A.; R. S. Ward to be a Director of the Workmen's Compensation Board; Dr. E. C. Barnes to be Medical Superintendent of Selkirk Hospital for Mental Diseases; Roy B. Vaughan to be Director of Technical Education for the Province; Mary L. Kelso as Director of Home Economics and Alfred E. Hill of Brandon to be Chairman of the Board of Reference, Department of Education; Fred J. Ney to be Secretary of the Department of Education and William J. Healy to be Provincial Librarian; Robert Drummond to be Acting Comptroller-General and Robert Jacob to be Chairman of the Manitoba Commission re Mothers' Allowances. The following new King's Counsel were created: W. A. Travers Sweatman, John Allen, Thomas Murray, Horace Ormond, Hjalmar A. Bergman, R. F. McWilliams, R. B. Graham—all of Winnipeg—with G. T. Armstrong of Manitou and Frank E. E. Simpson of Dauphin. Lieut.-Col. J. G. Rattray, C.M.G., D.S.O., was appointed Chief of the Provincial Police.

Provincial Legislation of 1920; Finances and Budget of the Year.

The 5th Session of the 15th Legislature of Manitoba was opened on Jan. 22 by Sir J. A. M. Aikins, Lieut.-Governor, with a Speech from the Throne which referred to this as the first meeting in the new Parliament Buildings and dealt with the recent visit of the Prince of Wales; spoke of the projected Provincial Hydro-Electric System which was being carried out and stated that the Portage La Prairie line would be completed shortly; described the success of the Boys' and Girls' Clubs started a few years before for the purpose of making life on the farm more attractive to the school population of the Province with its present enrollment of 30,000 students; stated that the success of well-drillers in securing an adequate supply of water for several large districts of the

Province and the establishment of a satisfactory market for dairy products overseas had led to a material expansion of this industry with a total valuation of $204,000,000 for all farm products in Manitoba during 1919; described the success of the Automatic Telephone System at Brandon and its coming installation in Winnipeg; pledged an aggressive Road policy on the part of the Government.

The Address was moved by John Williams of Arthur and W. W. W. Wilson of Russell; after prolonged debate it was passed without division on Feb. 9. Albert Préfontaine was Leader of the tiny Conservative Opposition and in his speech (Jan. 27) criticized current prosperity as due to high prices, the cost of the Parliament buildings as $5 460,000 and extravagant, the Liquor legislation as a farce. The Premier declared that the Liberal party in power had redeemed all its pledges except one. There was some important legislation during the Session. The Industrial Conditions Act passed in 1919 but not yet in operation was amended, after prolonged discussions between representatives of capital, labour and the Legislature. Its general object was made clear as the prevention of strikes and unjust or unfair conditions of employment by the creation of a Joint Council of Industry composed of two members representing employers, and two the employees, with a Chairman appointed by the Government.

The functions of the Council included the powers of a Court and the right to conduct enquiries into all industrial disputes or probable disputes, with a view to settlement without a strike and the power, also, to conduct continuous enquiry into the cost of living—including costs of a specific commodity or service; investigation as to unemployment, housing conditions, and prevailing rates of wages in their effect upon living conditions; enquiry regarding alleged unfair profits with the right to take up the case of any employee oppressively treated. It also had the right to lay formal complaint against persons guilty of any violation of the law affecting employers and employees with power to recommend legislation along general lines. The Act by its amendments of 1920 recognized the right of employers and employees to organize and to bargain with one another through their organizations, or the representatives thereof, or individually. The offices of the Council were established in the Parliament Buildings, Winnipeg, and the Council as appointed, was made up of Rev. Dr. C. W. Gordon (Chairman), Ald. Ernest Robinson and W. B. Simpson, representing Labour interests; John Stovel and H. B. Lyall representing employing interests.

The Manitoba Temperance Act was amended to provide that no physician should give or issue any prescription for the use of any person for a greater quantity than 12 ounces of liquor or 24 ounces of wine in any one day nor more than 2 gallons of malt liquor in any one week. The prescription form was to be determined by the Government and not more than 100 issued to any physician per month; the quantities saleable by vendors was restricted and defined as to medical practioners, dentists, hospitals, etc.; penalties, also, were increased. A Resolution was passed asking the Dominion Government to take a vote of the Province as to forbidding the importation of intoxicating liquor. The School Attendance Act was amended in details with more power of direct action given Inspectors to compel attendance and higher penalties for infraction provided. In order to cope with the shortage of seed grain in certain parts of the Province and to enable the municipalities to assist farmers, legislation was passed giving all municipalities the power to borrow up to $60,000 for the purpose of purchasing seed grain. The term was limited to six months from the date of passage.

Amendments to the Game Protection Act declared an open season of one week from Oct. 15 to Oct. 22 for prairie chicken, partridge and grouse of any variety except ptarmigan; a limit of 25 birds was put on the number that any one person might kill during this season. The Section exempting farmers from taking out an annual permit for the shooting of protected birds was amended to mean a person actually resident on a farm. Fees for licenses to deal in Furs were increased with $10 for a travelling agent and so on up to $50 for a wholesale raw dealer; fur dressers and tanners were also put under license, with a fee of $10 and monthly reports, while fur-farms were licensed at $45 a year; royalties were provided upon all undressed skins or pelts and heavy penalties for non-payment. A permanent Tax Commission was created to have general supervision over all matters of taxation and assessment in the Province; the Insectivorous Birds Act was amended to forbid any person from in any way injuring, trapping or killing any birds coming within this category.

The Provincial Police was re-organized and a Manitoba Provincial Police constituted with a Commissioner appointed by the Government and under control of the Attorney-General. The most important change, apart from provision of a larger force, was that the Police were charged with the enforcement of the penal clauses of all operative laws, whereas, in the past, their duties had been confined almost altogether to criminal matters. Appointments were subject to the provisions of the Manitoba Civil Service Act and made on the recommendation of the Commissioner; the number of constables was not to exceed 100 and the time of service was not less than 2 years. The Manitoba Teachers' Federation was incorporated and the Threshers' Lien Act amended so that in any dispute between a farmer and thresher the farmer could pay the amount of his contention into a County Court; under the threshers' power of sale to secure payment a 5-days' notice of intention was provided. Agricultural Societies were given power to borrow money and to give security; the Drainage Commission Act was amended so as to give the Commission power to enquire into and determine what portion of the cost of drainage work, now or hereafter, constructed in the respective drainage districts of the Province should be charged annually against each parcel of land in those districts.

Amendments to the Electrical Power Transmission Act established the Manitoba Power Commission with power to construct, purchase, lease or otherwise acquire the necessary power transmission lines and such plant as might be required for the distribution of electrical power or energy in or through any municipality or part thereof. It could distribute and sell electrical power and energy to any person or persons in municipalities which were not under subsisting contracts and could charge and collect such rates or prices therefor as was deemed sufficient to cover fees, charges and costs of maintenance and replacements. An amendment to the Education Department Act provided for the constitution of a Board to be known as the Board of Reference to consist of three members to be appointed by the Government—one representing the School Trustees of the Province and one the school teachers with a Chairman who should be neither trustee nor teacher. The duties of the Board were to enquire into and report upon disputes or difficulties between teachers and trustees, to act as a Board of Arbitration in such cases and to deal with special matters referred to it by the Government.

An important amendment to the Good Roads Act provided that the Minister of Public Works might purchase road-building plant, gravel pits, etc., for use in building roads and the amount of money which the Government was authorized to borrow for the purpose of road-building was increased from $2,500,000 to $5,000,000. The Workmen's Compensation Act was radically altered, the rate of compensation increased from 55 to 66⅔ per cent. of the earnings of injured workmen, while that for widows and children was also raised—the former from $20 to $30 per month, and the latter from $5.00 to $7.50. A State insurance scheme was included and under this certain premiums were to be paid and the benefits regulated proportionally. The system was to be operative on Jan. 1st, 1921, and the employees were to deal directly with the Workmen's Compensation Board, which would maintain a common accident fund, out of which compensation payments and the cost of administration would be met. For the purposes of the Act the general body of industries was assessed with payments in four installments during each year. H. G. Wilson, A. R. D. Patterson and C. W. N. Kennedy were appointed Commissioners. In the case of widows the funds of the Mothers' Allowance Act were made available when the Board should deem it desirable; amendments increased the Fund at disposal of the Mothers' Allowance Board to $1,500,000.

The Manitoba Election Act was largely amended. In addition to making provision for representation in the House for those parts of the Province where population had increased since the last redistribution, four seats were added to Winnipeg and three new constituencies created—Ethelbert, Fisher and Fairford. The principle of Proportional Representation was introduced into the election machinery of the City of Winnipeg and the City was made into one large constituency with 10 instead of 6 members. Under this system there could be no by-election until two seats were vacant and, therefore, no re-election of a member appointed to the Government. Another amendment provided for commercial travellers and railway men, or others engaged in occupations taking them frequently away, by an opening of the poll three days preceding the Election in industrial and commercial centres. The membership of the House was thus increased from 48 to 55.

Housing Act amendments authorized the Government to borrow a sum not exceeding $1,000,000 in order to assist urban municipalities to erect or repair, or make advances for erecting or repairing houses. Other legislation empowered any rural municipality before June 6 to borrow a sum not exceeding $50,000 for fodder purposes; amended the Farm Implements Act to deal with the question of implements sold as new and afterwards discovered to have some of the parts second-hand. The Rural Credits Act was changed so as to re-organize the Department, authorize the taking of deposits from the public and creating a Board to administer the savings so received. By other legislation a Hail Insurance Board was established with the Chairman as a salaried official and the other members receiving an allowance for attendance. Under this Act all owners of, or persons occupying, land within a Hail Insurance district must each year make a report, giving crop and other details to the Board. The maximum indemnity to be paid for total loss was $8.00 per acre and the Board was to yearly fix the rate to be levied, to pay all indemnities awarded during the year, and to create a reserve fund.

The Drainage Commission Act was amended to authorize the Commission to re-assess lands in drainage districts so that the cost should be charged annually against each parcel of land; also to determine what portion of the cost should be borne by the respective municipalities for the making of roads, and what portion by the Province. An amendment to the Winnipeg City Charter gave powers which were strongly criticized in the press. They related to the Hydro-Electric system and authorized the

City to borrow moneys by the issue and sale of debentures for use in this connection: "It shall not be necessary to submit any such By-laws to a vote of the electors or for the approval of the Public Utility Commissioner, and upon the Council finally passing same and issuing such debentures, they shall be a valid and binding charge upon the city." A matter of considerable discussion was a long Resolution moved on Feb. 10 by Capt. J. W. Wilton (Lib.) which urged an aggressive programme for the development of natural resources and of reconstruction in the Province; reviewed and confirmed the Resolution of Feb. 14, 1919, along this line; asked for the immediate appointment of the Joint Council of Industry, the Bureau of Scientific Research and the Land Settlement Board referred to in that Resolution; urged legislation providing for the creation of a Foundation with adequate capital and a suitable Board of Directors to lend money under specified conditions to approved industries and returned soldiers.

A Government amendment on Feb. 13 declared that the bodies mentioned should be appointed and that the Government should co-operate with a properly-organized Foundation but not with capital or guarantee of bonds and was duly passed. Mr. Wilton also moved a Resolution as to Housing difficulties in the Province and urging the Government to help those in need of houses by lending money for construction purposes; an amendment by Col. George Clingan stating that in 1919, under co-operative plans with the Federal Government, $1,000,000 had been borrowed for this purpose, that under the ensuing Housing Act $500,000 had been expended with $1,000,000 still available, that the Government proposed to ask authority for another million and that the House now endorsed its policy in so doing, was passed.

On Mch. 19 G. J. H. Malcolm moved a Tariff Resolution similar to that of 1919 which passed unanimously. It described Agriculture as the basic industry of Canada and, especially, of Manitoba and declared that under current conditions this industry carried "all the burdens of the Tariff without receiving any of its benefits"; it alleged that the existing "unjust and unrighteous tariff" resulted in the creation of trusts, mergers and combines with "the common people outrageously exploited"; it urged the Dominion Government at the next Session of Parliament to pass a substantial all-round reduction of the Tariff and to promote gradual reduction upon British goods so as to bring about "free trade in five years," to secure reciprocal trade in natural products with the United States, and to place a specified list of manufactures with coal, lumber, cement, oils, etc., on the free list. Practically, the fiscal platform of the United Farmers was supported.

In the Legislature on Mch. 23 an official statement was made as to the work and progress of the Lignite Utilization Board which, at a plant near Bienfait, was trying to transform lignite coal into briquettes suitable for domestic heating plants. It was stated that the process had proved very satisfactory: "In this final form the fuel very closely approaches in analysis the best Anthracite, but it possesses advantages which make it, in some respects, superior to Anthracite. The briquettes are designed to burn without smoke and with a short flame. They have qualities which allow them to be stored indefinitely, shipped to any distance, and withstand rough usage. Upon exposure to all degrees of temperature and humidity, they will not disintegrate or absorb moisture." The cost of the finished product was estimated at $10.50 per ton delivered in Winnipeg or, at the outside, $11.50 to the consumer. It was expected that briquettes would be marketed in about a year. A Resolution was unanimously passed urging the completion of the Hudson Bay Railway; another urged the Government to continue pressing upon Ottawa authorities the transfer to the Province of the Public domain, still held by the Federal power; the Welfare Commission was congratulated upon its work and given the thanks of the Province for its Report.

The Hon. Edward Brown, Provincial Treasurer, submitted his Budget to the Legislature on Feb. 24 and expressed gratification at having held this onerous position since 1915 with the credit of the Province reaching in 1920 new high levels. After a valuable review of financial conditions in Manitoba, in Canada and abroad, Mr. Brown stated that the premium on American funds would this year cost the Province $600,000 but that the saving effected in making payment of interest through depreciation of the pound sterling would fully offset the premium on American funds to cover payments falling due in New York. Besides this the Government had been using Trust Funds to buy at a discount of about 30 per cent. long-term sterling debentures outstanding in London. The capital expenditure of 1919 was stated at $4,243,088 including $1,049,560 on the new Parliament buildings with borrowings of $4,836,277 and unexpended balances of $1,790,997. The Expenditures of the year were $8,544,790 as against estimates of $8,580,304—a very close figure. The Revenue was $8,986,076 and the Estimates had been $8,450,076—the Surplus being $441,285.

The cash in hand at the close of the year was $3,385,340 and the capital investments held totalled $5,678,321. The gross bonded Debt on Nov. 30, 1919, was $39,820 877—including $2,923,000 of Treasury bills; after deducting capital investments and unexpended balances, the Net Debt was $32,351,559 as against $27,323,273 in 1915. The total Assets of the Province were placed by Mr. Brown at $81,744,607. He quoted figures to show that the Government had expended on Education in 1916-19, inclusive, $4,550,250 compared with $2,472,390 by the Roblin Government in 1911-14, inclusive, and upon Agriculture $2,301,930 compared with $1,500,820 On Mch. 10 Mr. Brown presented his 1920 estimates as $9,935,204 of revenue and $10,012,103 of expenditure; the capital expenditure would be confined to $2,000,000 for necessary Telephone extension and further sums on road development and that of the Hydro-Electric system.

It may be stated here, though not made public till after the close of the year, that the capital expenditures of 1920 were $10,776,500; the Revenue was $10,482,471 and the current Expenditure $10,942,808. The Government borrowings during 1920 included $4,000,000 of 5-year, 6 per cent. bonds sold at $102.81 with which and Treasury bills a $6,498,000 bond issue in New York was taken up; in March an issue of $2,498,00 10-year, 6 per cent. was absorbed in New York at $102.48 in Canadian funds; two issues of $500,000 each, 3-year 5 per cent. for the Manitoba Farm Loan Association were sold in Toronto, as was $2,000,000 intended for Housing Fund and Telephone account; J. P. Morgan & Co. took $2,850,000 of 5-year 6 per cent. bonds, while another Loan of 5-year, 6 per cent. totalling $3,450,000 was sold in Winnipeg and Chicago and was used for sundry purposes; so with $2 400,000 divided into sections and sold in Toronto and Minneapolis.

Altogether, with $1,080,000 taken by the Dominion Government, $19,278,000 of bonds were sold at an average of 5·46 per cent. in Canadian funds—said to be the lowest average rate in Canada during the year. The Legislature was prorogued by the Lieut.-Governor on Mch. 27. Incidents of the Session included Mr. J. W. Wilton's statement (Feb. 3rd) that he could no longer support the Norris Government and a strong speech by Hon. A. B. Hudson, K.C., on Mch. 17 in defence of the Government; appropriations for the Department of Agriculture totalled $476,605 for 1919-20 and $582,490 for 1920-21.

The Prohibition Question in Manitoba; Educational Affairs in 1920.

The effect of the legislation passed at the 1920 Session was that the amendments to the Manitoba Temperance Act constituted a practical Government control of liquor in its importation and sale which would be proclaimed and operative if and when the Plebiscite of the people to be taken under Federal amendments to the Canada Temperance Act should result in an affirmative reply to the proposal: "That the importation and the bringing of intoxicating liquor into this Province may be forbidden." Passed in the Legislature upon motion of Hon. T. H. Johnson, the result was a Referendum called for Oct. 25.

There was strong opposition in Manitoba to total Prohibition and on Mch. 4 the Winnipeg Medical Society issued a Report of a Special Committee which found (1) that so far as the use of alcoholic liquors was concerned, no practical distinction could be drawn between beverages and drugs; (2) that great variations of opinion existed among medical men in regard to the value of alcoholic liquors as drugs or beverages; (3) that under the circumstances great latitude of judgment should be permitted the medical profession in its interpretation of the law; (4) that current infractions of the law were condoned by a large measure of public sentiment but (5) rather than return to the free sale of liquor in bars this Society would advocate total prohibition. Government control and general sale seemed to be the policy supported. In September the Temperance forces launched a vigorous campaign for an affirmative reply in the Referendum and subsequent Prohibition of all import and sale except for medical, industrial or sacramental purposes.

Rev. Dr. A. S. Grant came from Toronto to help and Rev. Dr. Leslie Pidgeon was Chairman of the Referendum Committee with Rev. Thomas Neville as organizer; the Social Service Council led in the fight and issued an appeal to the Ministers of Winnipeg and Manitoba to make the subject a theme for Sunday sermons—a message from the pulpit; the United Farmers issued an official statement that they were co-operating in the struggle for Prohibition, that success was a "step forward in the direction of more complete democracy," with "direct legislation coming into its own," that the resulting Government control would mean an effective dealing with current evils. The Provincial Synod of the Anglican Church, in a Resolution, urged support to the movement for "complete Provincial control." There was a tendency amongst those opposing the prohibition of importation to favour Government control as a principle in wide application. R. B. Graham, K.C., put it as follows in Winnipeg on Oct. 8: "If there were direct Government supervision of all the liquor brought into the Province, the police could more easily deal with the sources from which offenders obtain their supplies, and were there some system whereby the law-abiding section of the community could obtain what liquor they reasonably required there would be no temptation to resort to the boot-legger and illicit dealer."

Labour leaders were inclined not to support complete Prohibition. W. H. Hoop, F. J. Dixon, M.L.A., and others preached moderation. The British Columbia vote, taking place a week before that of Manitoba, was made strong use of to urge defeat of the non-importation policy. It was claimed that the vote there was the result of ripe experience and wise toleration; the Prohibitionists issued a declaration that "the people of British Columbia had become so disgusted with illicit business that they were desperate." Any way of escape from intolerable existing conditions was readily accepted. The Winnipeg *Free Press*, which urged an affirmative vote, did so on this ground: "The people of Manitoba have now the opportunity to get the whole liquor business brought under the sole and direct control of the Provincial Government. That is the issue in the Referendum."

The popular decision on Oct. 25 was in favour of the prohibition of importation by a vote of 68,831 to 55,056—Winnipeg giving a large negative majority as did, in a lesser degree, St. Boniface, Provencher and Springfield. It would appear that the decision was by no means overwhelming and that the issue was hardly one of absolute prohibition though this was not the view taken by the Temperance forces. The *Free Press* (Oct. 27) observed that "if the Government shows itself unable to control the liquor trade through the channel of Government importation, occasion will doubtless be taken to re-open the issue and get the Province to vote on some such scheme as is to come into force in British Columbia." The women vote in Winnipeg was large and the farmers' vote in the country was strongly affirmative as to importation and probably as to complete prohibition; opposition to any modification in legislation which would facilitate the sale of liquor for beverage purposes was expressed by the Anglican Synod meeting at Brandon on Nov. 10. On Nov. 5 a meeting of veterans in Winnipeg urged that another vote be taken on the issue of absolute prohibition or of Government dispensaries.

Educational Conditions in Manitoba continued to improve in 1920 but the problems requiring settlement still were numerous. Low salaries in rural sections, untrained teachers under permit representing 25 per cent. of the total number, the general need for a longer term of office and better pay for teachers, the desirability of provision under pension for ultimate retirement, the difficulties inseparable from varied races and diverse religions—all required constant attention. In 1919 the average attendance of pupils was 72,072, the organized school districts were 2,017 and the school departments in operation 3,256 with 1,784 school-houses; there were in the Province 1,526 one-room schools with an enrollment of 39,835 and an average attendance of 19,685; the number of teachers was 3,097 of whom 524 were men and 2,573 women, while 81 were of Collegiate standing and 351 had 1st class certificates, 1,603 2nd class, 849 3rd class and 213 of special or interim nature.

The Legislative grant in 1919 was $589,146 and municipal taxes $4,200,519 with total Receipts from these sources, debentures, notes and sundries of $6,917,405; the Expenditures were $6,618,739 of which $2,648,229 was for teachers' salaries; the School Assets of the Province were $15,960,670 and Liabilities $10,556,218. The Deputy Minister, R. Fletcher, stated in the annual Report for 1919, presented to the Legislature on Jan. 30, 1920, that the Summer School for teachers was increasing in attendance and usefulness, with special instruction for teaching English in foreign districts; that the number of teachers' residences was growing rapidly and medical inspection of children becoming a reality with 43,950 children examined during the year and 49 nurses employed with 3,292 children under dental inspection; that 161 districts were under control of the Department which, in these cases, built and equipped schools and residences and engaged teachers.

Speaking in the Legislature on Mch. 18 the Hon. R. S. Thornton, Minister of Education, spoke strongly and optimistically as to conditions in general: "The compulsory school age is between 7 and 14 years. During the past 8 years school attendance has shown a regularly increasing number with a yearly increase averaging between 4,000 and 6,000; there were more pupils added to the roll in 1918-19 than the total increase in the school population." Early in the year it was announced by Major C. K. Newcombe, Superintendent of Education, that the Government had decided to participate in the $10,000,000 fund for Technical Education provided by the Federal Government and also to embark upon a vigorous course of action on its own account; the programme for the current year involved the expenditure of $50,000 from the Federal fund and $50,000 from Provincial funds.

The Mennonite problem continued a troublesome one throughout the year. These settlers were admirable in many ways but a section of them wanted something, whether rightly or wrongly, that the Manitoba majority and Government were determined not to grant—private schools in which religion and language were the chief subjects and which should take the place of public schools as authorized by law. The extreme view was taken by a minority called the "Old Colony" or original settlement in the municipalities of Hanover and Rhineland on opposite sides of the Red River; in their schools, according to the Winnipeg *Free Press* of May 26, Church history and German were the standard subjects. Dr. Thornton's policy was to compel a knowledge of English and an efficient elementary education in all schools. It was claimed by him that there was no dispute between the Department of Education and 90% of the Mennonites, who were said to be quite favourable to the public school system.

Legislation in 1919 had given the Department power to establish public schools without a vote of the ratepayers and during this year and 1920 Hanover and Rhineland were carefully surveyed. School districts were mapped out, meetings of ratepayers organized, and there were public discussions as to the location of schools, plans, size of buildings and so on. Resistance both active and passive was at first offered, but was steadily overcome. By the close of the latter year the whole of Hanover had been covered with public schools, and where, two years before there was not a single one in operation, there were now 16 completed and fully-equipped schools with teaching only in the English language and attendance almost up to the limit. A beginning was made in Rhineland but in some of its districts the scattered minority caused difficulty and legal proceedings had to be taken.

Various movements and proposals were developed, in joint action with a similar minority in Saskatchewan, to migrate to some other Province or country but they all fell through and, gradually, the troubles subsided. An appeal on behalf of the Mennonites from the Manitoba Court decision of 1919 was, in July, refused a hearing by the Judicial Committee in London because Education, under the B. N. A. Act was obviously a Provincial matter. Incidents of the year included the claim made by President White of the Manitoba Educational Association (Apr. 7) that the Provincial system was autocratic; the statement by Archbishop Belliveau of St. Boniface (Catholic) on Nov. 29 that the school curriculum was "surcharged with fantastic innovations" and managed with tyrannical methods; the meeting of the French-Canadian Educational Association at St. Boniface (June 22), the election of Noel Bernier as President and the Archbishop's expression of a hope that it would gain its ends—the teaching of French and religion in the schools.

The University of Manitoba. The Convocation of the University of Manitoba was held on May 14, 1920, with Vice-Chancellor Rev. Father A. A. Cherrier in the chair. He gave an admirable summary of the work which the University had done and was doing. The number of students enrolled in the regular courses was 1,339, while 604 persons studied in the Extension courses; there were 530 in Arts, 175 in senior matriculation, 220 in Medicine. 92 in Engineering, 23 in Science, 112 in Law, 57 in the Agricultural course, 19 in Home Economics and 36 in Pharmacy. There were 59 members in the Faculty and 103 instructors in the Medical Department. Extension lectures had been revived and members of the Faculty had given 165 lectures in various parts of the Province with about 22,300 persons present. A course in Social Science was established during the Academic year and brought to Winnipeg, for a series of conferences, Miss Joanna C. Colcord of New York and Joel P. Hunter, Superintendent of the United Charities of Chicago. On Mch. 13 the Winnipeg *Free Press* had an appreciative editorial on the founders and faculty of the Manitoba Medical College which had been established in 1883 and amalgamated with the University in 1919.

The Rev. F. W. Kerr was appointed (Jan. 2) to the affiliated Manitoba College (Presbyterian) as Professor of Religious Education and Rev. J. A. Sherrard to the chair of New Testament and Missions. In November the University shared in the Rockefeller Foundation gift to Canadian Medical education and was allotted $500,000. Archbishop S. P. Matheson of Rupert's Land was re-appointed Chancellor during the year with the following appointments to the Board of Governors: J. R. Little, Brandon, R. T Riley, Norman P. Lambert and Isaac Pitblado, K.C., of Winnipeg. Brandon College, the Baptist institution at Brandon, under charge of Rev. Howard P. Whidden, D.D., LL.D., M.P., as President, had a successful year with an Arts enrollment of 115, 3 in the Theology course and 134 in the Academic; 15 degrees of B. A. were granted on May 18 to graduates and one M.A.; 8 diplomas were conferred and the degree of Hon. D. D. given to the Rev. Charles B. Freeman of Saskatoon. There were 190 students in Business Courses, Music, etc., and Clark Hall, the girls' residence, attracted a considerable portion of this enrollment. The campaign for a $300,000 Fund was commenced and enlarged to $500,000—to be used for building, equipment, and increased endowment.

The United Farmers of Manitoba and Political Action; The Rural Credit Societies and Farm Loans

The chief developments in this connection during 1920 were the change in name of the Manitoba Grain Growers' Association—in use for 18 years—to that of the United Farmers of Manitoba; the support of a course of organized political action in Federal affairs and prolonged discussion of the proper attitude to take toward the Norris Provincial Government; the decision, eventually, to run independent candidates in the Provincial Elections with, as it proved, an unexpected degree of success.

The annual Convention of the Manitoba Grain Growers was held at Brandon on Jan. 7-8-9 with a record attendance of 700 accredited delegates from Manitoba and a large number of visitors from other Provinces. Though many important questions came up for discussion, interest chiefly centred around the question of political action, and many speakers voiced the determination of the Farmers' party to place their own representatives in the House of Commons at the next Elections and to fight for the Platform promulgated by the Canadian Council of Agriculture. Addresses were delivered by Hon. T. A. Crerar, R. W. E. Burnaby, President of the U. F. O., and others of note in the counsels of the Agrarian movement in other Provinces, as well as by Mr. Premier Norris. Differences arising during the previous year between the Association and its President, R. C. Henders, M.P., as to the fiscal issue were ventilated and the temporary appointment of J. L. Brown of Pilot Mound as President confirmed by election. It may be added that Mr. Henders was not invited to the Convention; it was explained that he could have attended as a member of his own local branch. On Jan. 9 the late President issued a lengthy statement through the Winnipeg *Free Press* in which he complained of unfair treatment, defended his course in supporting the 1919 Budget in Parliament and charged Mr. Crerar, while Minister of Agriculture, with having supported Protectionist conditions. The Executive of the Association published a reply, signed by all its members, denying any intentional unfairness to Mr. Henders but repeating a former declaration that, while fully appreciating his long years of faithful service to the organization, they could not in any degree accept his attitude on the Tariff in the 1919 Budget debate: "We, therefore, repudiated his stand, accepted his resignation, and re-affirmed our confidence in the principles of the Farmers' Platform."

Meanwhile, the new President had given to the Convention a strong presentation of the Farmers' policy and viewpoint. He spoke of their plans and policy as the people's movement and referred to the general unrest following the War. Referring to Canada and its Debt of two billion dollars, he urged that they stop temporizing, discard all methods of war expediency, and adopt an internal policy based upon "sound business principles." He attacked the Tariff and declared it a means whereby privileged interests extorted blood money from the people ; the lesson of the Winnipeg strike, he said, was that no section of the community could suffer without all suffering together. W. R. Wood, as Secretary, reported 292 Local Associations and a large increase during the year; he urged definite political action along Federal lines. Following this the Convention decided by Resolution and a standing vote with only two or three dissentients to change its name; it then, as a proof of independence, rejected the Provincial Government's grant of $1,000 toward expenses of the organization.

The Provincial Premier (Mr. Norris) told the gathering that he was not afraid of the farmer in politics and expressed his belief in the capacity of farmers to find amongst themselves administrators capable of handling all public questions. On motion, it was decided to take political Federal action in support of the Farmers' Platform with the Board of Directors of the U. F. M. as machinery for mobilizing the voting strength of the Province. There was a lengthy discussion upon a Resolution, moved by Bruce Edie, which cited the major importance of Federal issues and the need of concentration upon them and mentioned the absence of a Provincial farmers' platform with this conclusion: "Therefore be it resolved that the question of taking Provincial action be left entirely to the initiative of each local constituency."

This motion was criticized by some delegates on the ground that farmers could not consistently demand independent action in Federal politics and at the same time ignore Provincial issues; and that its adoption would imply friendship for Provincial Liberals. After several amendments had been presented the whole question was referred back to the Resolutions Committee and at a later session this Committee submitted a majority report affirming the resolve to participate in Federal politics and to immediately organize for that purpose while leaving the other question to each local constituency. It was provided, however, that if "a majority of local constituencies" should favour organized action in the forthcoming Provincial elections, then a special Convention should be called for the purpose of formulating a platform. The minority objection was to the phrase "a majority of local constituencies," as including urban ridings as well as rural ones, but this was not sustained. Other Resolutions passed were as follows:

1. Favouring the continued National marketing of Canadian wheat so long as other countries controlled imports and distribution.

2. Urging the immediate repeal of the Order-in-Council banning certain propagandist (Socialist) literature from abroad.

3. Advocating increase in rural mail routes and delivery and regretting the continued loss through careless handling of freight on Canadian railways.

4. Expressing unalterable opposition to the appointment of a Permanent Tariff Commission and urging immediate reconstruction or abolition of the Board of Commerce.

5. Asking that greater emphasis be placed in the schools on the study of political economy and practical agriculture.

6. Supporting an increased gratuity to soldiers in the form of a grant, not exceeding $1,000, to repay a mortgage on a home, homestead, or business, or to enable the recipient to make a first payment on such an investment.

7. Urging the Provincial Government to immediately enact legislation making it illegal for individuals to purchase liquor for beverage purposes or to have such liquors on their premises.

8. Demanding that the Federal Government recompense parents for the loss of their sons in the War so far as it was possible to do so by a monetary consideration.

9. Asking for a Provincial enquiry into the enormous spread between raw wool prices as received by the farmer and the price the consumer had to pay for the finished product.

10. Protesting against the introduction of Militarism into Canada and objecting to the deportation of citizens without trial.

A message was read to the Convention from J. W. Scallion, Hon. President and founder of the Association, and the following officers were elected: Hon. President, J. W. Scallion, Virden; President, J. L. Brown, Pilot Mound; Vice-Presidents, D. G. McKenzie, Brandon, and Mrs. J. S. Wood, Oakville; Secretary, W. R. Wood, M.L.A., Winnipeg. Meanwhile, separate sessions of the Women's Section of the Association had been held during the Convention and the women delegates were also present during the discussion of all important questions in the main meeting. The President, Mrs. J. S. Wood, in her annual address, specified the objects aimed at as follows: Help toward making Canadian citizens of the non-English settlers; a greater interest in the education of children; better legislation for the protection of women and children; stimulation of a taste for the finer things of life. Mabel S. Finch, Secretary, reported that 28 new branches had been added in 1919 making a total of 71; a number of Locals had taken advantage of the free courses in health and nursing offered by the Provincial Board of Health and Locals had also devoted considerable attention to the study of Dower laws and Wills.

Following this meeting political organization at once commenced throughout the Province. On Jan. 14 a joint meeting of the U. F. M. Board and the Political Committee was held and a definite plan of action mapped out—with D. G. McKenzie placed in charge of the work. The first step was a campaign for membership beginning on Mch. 1st with canvassers asking a $6.00 contribution from each member to be distributed as follows:

$2.00 for one year's membership in U. F. M.; $3.00 covering a three years' subscription to the *Grain Growers' Guide*; $1.00 contribution to political action. The *Guide* agreed to give back a commission on each subscription which would bring the total individual contribution for political action up to $2.50. As a result of this campaign (with 900 field workers employed) the membership grew from 9,000 to 15,000 at the end of the year, or 66 per cent. The eventual allocation to political purposes up to Dec. 31, 1920, was $26,113.95.

Meantime Mr. Wood, as Secretary, had approved an appeal issued by the Ospray branch as worthy of general adoption. It declared amongst other things that "we want independent political action because there are in Canada 1,000,000 farmers and 5,000 lawyers and in the House of Commons at Ottawa, 32 farmers and 79 lawyers. The lawyers are there to fight for the big interests." On June 10-11 the 2nd Conference of U. F. M. Secretaries was held at Winnipeg and inspirational addresses given by J. L. Brown, D. G. McKenzie, R. A. Hoey and others. They dwelt on the importance of increasing local memberships and maintaining branches in a state of vitality when once established; but announced no departures in policy with regard to the Provincial elections in which a number of Farmer candidates had been nominated. In the *Guide* of July 14 W. R. Wood issued a lengthy statement as to the reasons which had actuated the organization in taking no united part in the Provincial election. He pointed out those specified at the Convention of January and added that all legislation sought from the Provincial Government by the farmers, as an organization, had been secured and that the Norris administration, though not above criticism, had redeemed its pre-election pledges in the past more completely than any Government on record. No request for concerted action had come from the Locals.

The United Grain Growers', Ltd., which controlled the business side of the Farmers' movement and represented co-operative interests of Alberta and Manitoba, held its annual meeting in Calgary on Nov. 25-26. The Hon. T. A. Crerar, President, announced that the profits of the year's operations were $463,675. Of this amount $120,000 had been derived from subsidiaries of the parent Company. He announced that the Grain Growers' Export Co., Inc., of New York, which had been under control of the U.S. Wheat Board, until July 1st, 1919, had been free since that date and showed a profit of about $300,000. The Grain Growers' Export Co., Ltd., the Canadian end of this concern had done practically no business except in some small shipments of coarse grains because, until lately, the grain business in Canada was under control of the Wheat Board. The Grain Growers' Guide, Ltd., another subsidiary, had a satisfactory year and had extended its operations into the Maritime Provinces by acquiring the *United Farmers' Guide* of Moncton, N.B. The United Grain Growers' Saw Mills, Ltd., operating at Hutton, B.C., showed a profit of over $11,000 and the United Grain Growers' of British Columbia, Ltd., established to distribute supplies to farmers in that Province, showed a slight profit.

Mr. Crerar said that the principle of co-operation had been greatly extended in Canada but required freedom for the Canadian people "to buy and sell where they pleasd" for its fuller development. C. Rice-Jones, General Manager, presented a report showing a capital and surplus of $4,500,000 made up of capital stock, $2,600,000; reserve fund $1,750,000; special contingency fund $50,000; and Profit and Loss account $187,000. The capital Assets of the Company consisted of a plant valued at $3,354,000—including 218 country elevators, 233 flour warehouses, 108 coal sheds and 8 county machine sheds. In addition, 129 elevators had been leased from the Manitoba Government, making a total of 347 operated by the United Grain Growers', Ltd. The total value of grain handled for the 12 months ending Aug. 31 amounted to $24,503,237, and the volume handled represented an increase of 10 per cent. The issue of $250,000 of new capital stock was announced. The General Manager also stated that the total sales in lumber, building supplies, machinery, and other lines in the three Prairie Provinces had been $6,908,000. The Livestock Department had an active year and had handled 103,624 head of cattle, 58,219 hogs, and 18,605 sheep with a profit of $17,388 as compared with a small loss the preceding year.

A proposed farmers' pool to handle the wheat crop of 1921 was outlined by J. R. Murray, Assistant General Manager, on lines already drawn up by a Special Committee of the Council of Agriculture—H. W. Wood, F. W. Riddell and Mr. Murray. It was proposed that a Provisional Board be appointed consisting of representatives from each of the associated organizations to a total of 8 and it was said that 50 per cent. of the wheat acreage of Canada could be brought under control of the pool. Contract holders would be expected to sign for a period of five years and expenses of operation be paid from the pool while grain growers under contract who sold grain to others than the pool elevators would pay 25 cents per bushel damages.

The Rural Credits Societies. Upon these institutions turned one of the chief controversies of 1920. During the previous three years the Societies had afforded short term credits to an ever-increasing number of farmers in, latterly, 36 organizations. The interest rate on the loans was 7 per cent. to the farmer and the movement had been financed, until this year, by the Banks which received 6 per cent. for their money. On Jan. 13-15, 1920, the Societies held their first annual Convention in Winnipeg with H. F. M. Ross in the chair to which he was inducted by

George W. Prout, M.L.A., the founder, adviser and devoted friend of the movement. The Hon. Edward Brown, Provincial Treasurer, then spoke at some length and looked forward to the time when the 110 organized municipalities of the Province would each have a Rural Credit Society.

Mr. Prout followed in a description of what the Societies had done for the farmer and Manitoba; he looked forward to 300 Societies in this Province and to large developments in other parts of the West; he favoured a rigid banking rate but acknowledged the great services rendered by the Banks to the movement. A series of able speeches, articles and papers followed; at the evening banquet of the Convention the Premier spoke as did V. C. Brown for the Banks; an illuminated address was presented to Mr. Prout which dealt with his services in this connection—"his genius and undaunted industry." Meantime, a conference of the Societies and the Banks was held (Jan. 14) followed by a report to the Convention from the Society delegates that "we met a delegation from the Bankers' Association and, after hearing their views on the matter of Interest as now provided for in the Act and after careful and due consideration of the matter from all angles, have come to the conclusion that we are unable at this time to recommend any change in the Act in regard to the said rate of interest."

The situation then was that the Banks demanded a change in rates while the Government and the Societies refused to alter the rate specified in the Act. The Bankers had always objected to a fixed and arbitrary rate though they had agreed to help for a while at the 6 per cent. figure because the money was being used in isolated districts and to aid struggling farmers. They now asserted that this rate of 6 per cent. was below the current value of money and much below rates charged in the States to the South; that instead of assisting struggling farmers the Societies were organizing in districts where the Banks already were lending to the farmers what was required and thus competing with the Banks for the capture of local business by the use of this borrowed money. Finally, after considerable correspondence and a visit by Mr. Brown to the Head Offices in the East, the Banks specified their requirements for any permanent settlement. Practically, these involved the formation of no new Societies in the older and settled portions of the Province and withdrawal of those already established; the operations of the Act to be limited to sparsely-settled and undeveloped sections and the amount of individual loans to be reduced 50 per cent.—with an increased rate in 1921. At this point the break came and the Government decided to finance the Societies in some direct form.

The ensuing measure in the House was widely discussed and its object was to secure from the people by deposit, in a Provincial Government Savings Bank, the money necessary to finance the Rural Credit Societies at a rate below what the chartered Banks would grant—though this was not technically specified. The Act was described as one to encourage savings and entitled the Provincial Savings Act. The second clause provided that: "The Lieut.-Governor-in-Council is authorized and empowered to borrow money from such persons in such amounts and on such terms of re-payment as may seem proper." The control of the business as created was vested in a Board of Trustees and this was to consist of not more than 10 and not less than 3 members; in order to open branch offices at various points in the Province the Board was given power to appoint local Boards. The purpose for which the money so secured could be used was set forth as the making of loans under the Rural Credits Act, to the Manitoba Farm Loans Association; in purchasing bonds issued or guaranteed by the Dominion and Provincial Governments; and for the purchase of the securities of any city, town, village, rural municipality or school district in the Province of Manitoba.

Mr. Prout was said to have had much to do with the framing of this measure. In his speech on Mch. 25 Hon. Mr. Brown stated that this Bill would not have been presented but for the refusal of the Banks to continue advancing money to the Societies at 6 per cent. without positive assurance from the Government as to a future increase in the rates or by elimination of the fixed rate. The Banks claimed, and would not alter their view, that money rates had, obviously, to change with conditions. Mr. Brown went on to say that the Government would not change the Act in this respect and were, therefore, impelled to find some other means of providing the farmers with 7 per cent. money. They would continue to make advances out of the Consolidated Fund of the Province to these Societies and obtain money under the proposed Act. The rates of interest had yet to be worked out.

On Mch. 26, Mr. Prout, in a statement to the Legislature, claimed that Mr. Brown had not always been a friend of the Rural Credits policy, and stated his belief that the Treasurer and the Banks were trying to stifle the activities of the Societies—this statement he afterwards frankly and fully withdrew. Mr. Brown strongly denied the assertion and declared that his associations with Mr. Prout had been most cordial and that he had never refused him a request in this connection. The Bill passed in due course, the Provincial Savings Bank was established with H. G. Vincent as Manager and E. A. Weir Chairman of the Board; the other members were Ald. George Fisher and J. R. Murray of Winnipeg; F. J. Collyer of McAuley, President of the Manitoba Cattle Breeders' Association, and John Arnett, Reeve of Shell River. The rate of interest was 4 per cent. for short term and 4½ per cent. for longer term depositors. Mr. Prout had been offered the position of Superintendent of Rural Credit Societies but declined.

Meanwhile, the Provincial Farm Loans Association had been making steady progress. Its 1st annual Report (Nov. 30, 1919) showed Assets of $3,135,104 including mortgage loans of $3,086,961 and Liabilities of $2,755,289 including debentures of $2,462,857 and deposits of $163,560—all guaranteed by the Provincial Government; the capital stock was $357,145 and the profits for the year were $14,059. The 2nd annual Report (Nov. 30, 1920) showed 1,011 applications for loans aggregating a total of $2,181,200 and of these 454, amounting to $1,300,700 were accepted and the money paid. Total applications to date were $10,771,800 and in addition, applications amounting to $665,950 which had been accepted during the year, were still in hand for investigation of title, etc. The total amount loaned to Manitoba farmers by the Association to date was $4,521,650 and the principal, outstanding, was $4,219,467.

The capital stock stood at $466,550 in which the Province had an investment of $250,000 and the borrowers themselves $216,550. The balance sheet for the year showed a net profit on operation for the 12 months amounting to $32,558; the total surplus since commencing operations was $52,961—equal to a dividend of 11·4 per cent. on the capital stock. Re-payments of principal amounted to $123,297 which had been invested in Victory bonds. Re-payments of loans in full, in advance of due date, amounted to $216,274 and were used for re-loaning under the provisions of the Act. The Report stated that collections had been good with only a few loans in arrears since 1919. The original members of the Board were George Anderson and F. C. Hamilton of Winnipeg, D. D. McDonald, Dauphin, and J. S. Wood, Oakville, and they still remained in charge.

The Provincial Elections in Manitoba: The Norris Government Retains Office.

The Elections were imminent from the first of the year with a Legislature in its 5th Session and elected on Sept. 16, 1915. Dissolution took place on June 1st, 1920, with election day fixed for June 29 and contests deferred in The Pas and Rupert's Land. The members to be elected numbered 55 as against 49 in the former House. The Provincial Conservatives, who only had two or three sitting members, commenced to prepare for the contest by holding a Convention in Winnipeg on April 14 with over 80 delegates present and Mayor F. G. Taylor of Portage la Prairie in the chair—through the absence from illness of W. J. Tupper, K.C., President of the Provincial Conservative Association. R. G. Willis, Leader of the party in Manitoba—though without a seat in the House—was present, together with Albert Préfontaine, M.L.A., the House leader.

After an address by Mr. Willis in which he expressed assured belief in the defeat of the Government, the Convention considered the matter of a platform with the Prohibition issue as the most contentious feature. A motion in favour of a Referendum as to whether inter-Provincial trading in liquor should be entirely stopped, or whether a properly controlled system of Government dispensaries would not be preferable to the present system, was only defeated by 45 to 40 but with doubt as to the exact vote. Finally, the matter was referred back and a Resolution accepted unanimously in favour of the speediest possible means of ascertaining the will of the people by way of a Referendum in regard to the use and control of liquor. Education was dealt with at length in a motion which declared: (1) That in this subject lay the chief duty of the Government with a sound elementary education as the right of every child; (2) that public welfare depended upon the law being so administered as to make certain a thorough knowledge of English as an essential to elementary education in every school in Manitoba; (3) that the standard and efficiency of teaching in the schools must be elevated and that women should share in appointments to the higher educational positions such as Inspectors and administrative officers; (4) that agricultural education should be supported and extended and that assistance be given the University of Manitoba with a new building on a suitable site. Other Resolutions were as follows:

1. Pledging the Conservative party of the Province to maintain unimpaired the principles of British constitutional government by abolishing, in so far as practicable, all Boards and Commissions exercising functions which the Government itself should directly exercise.
2. Calling for repeal of the Patriotic Municipal levy as no longer of advantage to the soldiers.
3. Declaring that every Tax necessitated by the War had now been made permanent by the Norris Government; that the Civil Service had been absurdly over-manned and flagrant extravagance practised in every administrative Department; that reprehensible methods of finance had been resorted to and Trust Funds diverted to carry on Government enterprises; that War Taxes should be abolished and the most rigid economy practised.
4. Pledging support to the development of a vigorous Good Roads policy by way of trunk roads and Provincial highways.
5. Favouring the establishment of sex equality as to electorial matters, Divorce and civil status.
6. Demanding abolition of the Provincial Assessment Commission, and provision by legislation of an equitable basis of assessment founded upon 100 per cent. cash values.
7. Supporting the Agricultural College, encouragement of Agriculture and revival of a live immigration policy.
8. Promising a full survey of the water powers of the Province and, if the report justified Electric development, that such should be proceeded with immediately.
9. Pledging support to the completion of the Hudson Bay Railway and also to the development of Mining.

Leadership of the Party was left unchanged. During the campaign Mr. Willis made a speech in the same terms in various places. His most important grounds of attack upon the Government were its alleged extravagance, its greatly increased and heavy expenditure, its failure to carry out the pre-election pledge of economy and its completion of the Parliament Buildings at too great a cost. The United Farmers offered no united stand in the contest nor did they present a Provincial political platform. But they nominated candidates in a number of ridings with 26 candidates in all and fought the issue upon local matters such as taxation, assessment, education, municipal and purely agricultural concerns. Some of the Farmers' candidates were nominated by Conventions of United Farmers regularly called and representative in character; some came from varied gatherings representing only a section of the respective constituencies; some were chosen by Conventions having no connection with the U.F.M. None were formally endorsed by the Central Executive, according to a subsequent statement by W. R. Wood, Secretary.

Mr. Norris did not issue a Manifesto but made speeches in different centres which described the policy of the past five years, the legislation enacted, the manner in which pledges had been kept, the general sympathy of Liberalism with the fiscal and other items of Agrarian policy. Speaking at Brandon on April 29 he said: "There is now no cohesive organization opposed to the present Administration in the Province, for the farmers have decided to withhold their organization from political action." He then reviewed the Government's legislation including women suffrage and a list of ten Industrial Acts including the Fair Wage and Workmen's Compensation Act. All of these, he pointed out, were copied by other Provinces. The Health Act, the Government Telephone System, the Mothers' Allowance, the Patriotic Levy, the Hydro-Electric scheme were all dealt with as well as Prohibition, Direct Legislation, Rural Credits, the "Cow Scheme," Educational Grants, etc. As to the future a Platform was made public (May 22) as being the Provincial policy of the Liberal party and including the following clauses:

1. To maintain and improve a high standard for education; to ensure to all a knowledge of English; to establish a University commensurate with the needs of the Province.

2. Development of the Agricultural College and encouragement to agriculture through the extension of the Farm Loan and Rural Credits systems, the Cow Scheme and Agricultural Societies.

3. The further development of the Bureau of Labour; the carrying out of the aims of the Industrial Conditions Act through the Joint Council of Industry; a more generous compensation to workmen injured in the course of their employment.

4. Development and extension of Electrical power transmission to give the best service possible to the people of Manitoba at cost.

5. The present Prohibition measure to be strictly maintained except only so far as it may be changed by popular vote.

6. Further extension of the system of rural health nursing and provision for the proper care of mental defectives and improvement of Provincial hospitals.

7. To encourage the opening up and development of the great hinterland of the North and assist in developing the mining fields of the Province.

8. To improve the present Telephone system by introducing automatic telephones and by extension of rural lines to all settled portions.

9. The establishment of a re-organized Provincial Police force responsible for all Provincial laws.

10. Public Savings system, by which the Government shall accept deposits from the people to finance the Rural Credits scheme and, ultimately, other Provincial requirements.

The Labour element was divided in Winnipeg into the Labour party group, led by F. J. Dixon, and including the Social Democrats; the O.B.U. section led by Rev. William Ivens, and the Socialists with R. B. Russell as their best known exponent. All the Labour candidates in the Election were more or less Socialists but there were degrees in opinion. Their platform as a party included Proportional Representation for the Province and amendments to the Workmen's Compensation Act. Its first and vital clause declared that: "The Labour party stands for the transformation of capitalist property into social property, with production for use instead of for profit." Five of the partv candidates—William Ivens, George Armstrong, John Queen, W. A. Pritchard and R. J. Johns were in prison serving a year's sentence from June 27th for their part in the Winnipeg strike troubles of 1919.

In the City and Province they had 18 candidates including Rev. A. E. Smith in Brandon and the policy largely urged was voiced by Mr. Smith in a Winnipeg speech on June 17 when he declared that "the sweeping tide of proletarianism" was going to carry them to power all over the world. He stated that the proletariat was uprising and becoming conscious of its claims to power; the wave was irrestible and the justification for their existence was that they were part of the movement; this fact was the rock upon which the capitalistic democracies were going to be shattered. They claimed political and economic power and did not always mean to be hewers of wood and drawers of water: "If you want freedom you must strike for freedom. At present there is neither intelligence in the law, the press or the judges. It is to be found only in the labour party." Such were the main issues defined by the various groups in the contest and presented to the people in varied forms. The result on June 29, apart from Winnipeg which was not known for days, was as follows:

Electorial Division	Member Elected	Politics	Majority
Arthur	John Williams	Liberal	10
Assiniboia	W. D. Bayley	Labour	113
Beautiful Plains	George Little	Farmer	acclamation
Birtle	Hon. G. J. H. Malcolm	Liberal	134
Brandon City	Albert Edward Smith	Labour	604
Carillon	Maurice Duprey	Farmer	48
Cypress	William Hoey Spinks	Conservative	180
Dauphin	George Hastings Palmer	Labour	422
Deloraine	Hon. R. S. Thornton	Liberal	315
Dufferin	E. A. August	Liberal	77
Ethelbert	Nicholas A. Hrynorczuk	Farmer	587
Emerson	Dymtro Yakimischak	Farmer	64
Fairford	A W. Kirvan	Liberal	5
Fisher	H. L. Mabb	Farmer	81
Gilbert Plains	William B. Findlater	Liberal	20
Gimli	Gudmundur Fjelsted	Farmer	117
Gladstone	Hon. J. W. Armstrong	Liberal	180
Glenwood	William Robson	Farmer	4
Hamiota	John Henry McConnell	Liberal	347
Iberville	Arthur Rivers Boivin	Ind. Cons.	acclamation
Kildonan and St. Andrews	Albert Tanner	Labour	308
Killarney	Samuel Fletcher	Farmer	396
Lakeside	Charles Duncan McPherson	Liberal	23
Lansdowne	Hon. T. C. Norris	Liberal	838
La Verandrye	P. A. Talbot	Independent	314
Manitou	John Sutherland Ridley	Conservative	259
Minnedosa	Hon. George A. Grierson	Liberal	267
Morden and Rhineland	John Kennedy	Conservative	62
Morris	William Reid Clubb	Farmer	679
Mountain	Hon. James A. Baird	Liberal	126
Norfolk	Dr. Reuben John Waugh	Conservative	217
Portage la Prairie	Fawcett G. Taylor	Conservative	287
Roblin	Henry Robson Richardson	Farmer	4
Rockwood	William Clarke McKinnell	Farmer	1
Russell	W. W. W. Wilson	Liberal	632
St. Boniface	Joseph Bernier	Ind. Cons.	492
St. Clements	Matthew J. Stanbridge	Labour	127
St. George	A. E. Kristjansson	Labour	117
St. Rose	Joseph Hamelin	Farmer	133
Springfield	Arthur Ernest Moore	Labour	59
Swan River	Robert William Emmond	Farmer	619
The Pas	Hon. Edward Brown	Liberal	434
Turtle Mountain	George W. McDonald	Liberal	16
Virden	George Clingan	Liberal	291

In Winnipeg, for the first time in Canada, the elections were fought on the Proportional Representation plan—a most elaborate and complicated system of representation for all minorities, group sections or interests which could produce a number of votes—either few or many. Under this scheme the voter filled up his ballot paper by marking his choice in order of preference and placing the figures 1, 2, 3, etc., before the names of all nominated candidates. It naturally involved elaborate counting where there were many candidates. Out of 10 Liberal candidates, 10 Conservatives, 11 Independents and 10 Labourites in Winnipeg the following were finally declared elected: F. J. Dixon (Lab.); Hon. T. H. Johnson (Lib.); William Ivens (Lab.); John T. Haig (Cons.); John Queen (Lab.); John Stovel (Lib.); Duncan Cameron (Lib.); George Armstrong (Lab.); Mrs. Edith Rogers (Lib.); W. J. Tupper, K.C. (Cons.). Later on, the two deferred elections were held and Hon. Edward Brown in The Pas (Sept. 28) was elected by a large majority while John Morrison (Lib.) in Rupert's Land on Sept. 18 was elected by acclamation.

Out of 53 Government candidates 21 were elected, out of 27

Conservatives, 9 were elected. The Farmers had 13 members, Labour won in 11 seats of which 4 were in Winnipeg and out of 23 Independents four were elected but all, except one, were indirectly associated with one or other of the chief parties and are so included above. The total number of votes on the List was 209,350 and of these 143 640 or 68·61 per cent. were polled. The actual vote was divided as follows: Liberal 51,659; Conservative 24,210; Farmer 22,739; Independent 15,163; Labour 29,869. Incidents of the campaign included the candidacy of four women in Winnipeg and the election of one; the election of F. J. Dixon, Dominion Labour party, at the head of the poll in Winnipeg; the defeat of R. B. Russell, Socialist leader, which was keenly resented by his followers, and the return of A. E. Smith (Socialist) in Brandon; the return of all the Ministers and defeat of R. G. Willis, the Conservative leader, as well as of G. W. Prout who ran in Winnipeg as an Independent; the payment of all expenses of the Labour candidates in gaol by the Dominion Labour party.

Following the Election there was much political uncertainty for a time as no one party had a majority excepting that the Farmers held the second largest following with some of them pledged to support the Norris Government and others known to be favourable to it. The *Free Press* (July 2) declared that it would be "a very sensible thing for those Conservatives who have no real feelings of hostility towards the Norris Government to disown Mr. Rogers and his trouble-making plans and give the Government a reasonable measure of support." The Government and Liberal members decided, after consultation, that it was the duty of the former to carry on and Mr. Norris made overtures to the Farmers for co-operation. On Dec. 22 a Caucus of the latter was held and a Resolution passed declaring that the Independent Farmer group had decided that, while not opposing the Norris Government on general principles, it was considered advisable in order to preserve the identity of the party that they should decline the suggested alliance. Meanwhile, John T. Haig of Winnipeg was elected Leader of the Conservative party and William Robson of Glenwood, Leader of the Farmers' party.

Incidents of Development in Manitoba.

Jan. 1st. According to 1918 Census returns the capital invested in Manitoba manufacturing was $105,983,159, the cost of materials used was $92,600,183, the value of the annual product $145,031,510, the number of employees 23,887 and the salaries or wages paid $23,389,681. Of the production, flour milling stood for $26,764 437.

Jan. 29. John Morrison of Rupert's Land told the Legislature that the riches of Northern Manitoba, its natural resources in timber, in minerals, water power and fish and the opportunities there were for agricultural development in sections made it greatly superior to the Peace River as a new country for development.

Feb. 1st. The Annual Report of Dr. R. C. Wallace, Commissioner of

Northern Manitoba, contained a mass of information concerning that region. Another one dealt with its Mining and Mineral prospects. The Flin Fon and Mandy Mines were the best known single properties under development but there were many others being prospected with gold and copper and iron sulphide bands as the notable features. "Development in the whole mineral belt has been in the hands of responsible mining companies."

Feb. 20. John G. Barron of Carberry was honoured with a banquet in that town as a recognition of the services rendered to Agriculture by this veteran Shorthorn breeder whose successes not only on the Western Fair circuit but at the National Show at Toronto and the International at Chicago, had carried the names of Carberry and Manitoba to all parts of the continent. The Lieut.-Governor, Sir James Aikins, was present with W. I. Smale of Brandon representing the Live-Stock Associations.

Sept. 24. Members of the Legislature were taken by the Northland Association on a trip from The Pas to the Flin Fon mine and return and shown over the country with a view to impressing their minds with the necessity for construction of a railway and the adequate development of the mining belt. Mayor C. F. Gray of Winnipeg on his return (Sept. 29) stated that the second largest city in Manitoba would emerge from the wilderness in the North when the vast natural resources of the region were developed.

Oct. 25-27. The 2nd Western Convention of the Canadian Institute of Mining and Metallurgy was held in Winnipeg with many well-known mineralogists present and a wealth of information made available to the public. M. M. Makeever of New York—and Herb Lake—stated that his firm had been directed to Herb Lake by one of their confidential engineers who reported the camp would be a second Cripple Creek. Development had verified the engineer's report which had also included the statement that if the ore body remained steady in extent and value to the 500 foot level values amounting to $7,000,000 remained to be recovered. "This has not only been corroborated on the Rex," said Mr. Makeever, "but also on the various properties developed at Herb Lake, particularly on the Bingo where the shaft sinking has proved the gold-bearing quartz veins to increase in width and value as depth is attained, indicting the permanency of the ore bodies."

Oct. 26. Dr. R. C. Wallace told the Canadian Club that already copper ore, gold and silver to the value of $2,500,000 had been exported from Northern Manitoba with transportation facilities of the crudest kind. It was now known that one particular property contained 20,000 000 tons of copper ore, valued at $180,000,000 and the gold mining industry also afforded splendid opportunities.

Dec. 31. Federal figures showed the Mineral industry as producing $3,900,207 compared with $2,868,378 in 1919.

The estimated total value of farm Live-stock in Manitoba during 1920 totalled $85,870 000 and included Horses valued at $40,536,000; Cattle $39,344,000; Sheep $1,389,000; Swine $4,601,000.

The Federal statistics of Manitoba Field Crops for 1920 showed a total value of $133,989,800, with wheat totalling $68,769,000; oats $32,007,000, and barley $13,998,000.

The Martin Government in Saskatchewan: Policy and Administration in 1920.

The Government of Hon. W. M. Martin held its own during this year; its Prime Minister once more proved his capacity and leadership amidst political complications which at this time in Canada were endangering the existence of various Governments; the Province as a whole had a most prosperous year and celebrated on Sept. 1st its 15th year within the Confederation. Its population in 1905 was less than 250 000 and in 1920 the Provincial estimate was 833,267 of whom only 241,315 were in the cities, towns and villages; its railway mileage had grown from 1,552 to 6,149; its agricultural production had increased from 46,612 136 bushels of wheat, barley, flax and oats in 1905 to 270,890,768 bushels in 1920. The industrial production had leaped from nothing to a capital investment of $39,476,260 in 1918 with a product of $50,009,635 and employees numbering 8.066. Its mineral product in 1920 was $1,711.580 and this was only beginning to touch the possibilities of development. The Province had considerable Forest wealth with a wooded area of 45.000 square miles containing an estimated 121,000,000 cords of merchantable wood and 14 billion feet of merchantable lumber; its water-powers were abundant with 1,311 991 h.-p. awaiting development in the North; its fur producing area was large with $1,000,000 a year realized for the raw article and its fishing resources were very great though with only $250,000 a year so far utilized.

Early in March Mr. Martin was at New York looking into wireless Telephone equipment for the Provincial system and told the Regina *Leader* on his return (Mch. 13) that they were able to speak with Chicago or south to Florida and that he had talked by wireless to points 50 miles distant from the New York office, where the demonstration was held, and heard just as well as if he had been speaking over a wire system in the best of working order. During the first half of the year he addressed a great many meetings throughout the Province with a view to keeping in touch with the people and keeping the people in touch with his policy and Government. At Preeceville on May 5 he made the statement that there was plenty for a Provincial Minister to do in looking after Provincial interests: "I have, therefore, decided that as long as I remain a member of the Government I will devote my time and my best endeavours to the affairs of the Province. I will not be responsible for the organization nor for the policies of any Federal political party." This did not apply, however, to issues in which the Province was vitally concerned such as the Tariff, the transfer of natural resources and branch line railways, etc. In this speech which was, of course, similar in form and argument to many others made at this period, he dealt, as Minister of Education, with the problems of race and school control which were so often prominent in Saskatchewan.

The policy of granting assistance to town and village schools conducting High School work, adopted a couple of years before this, had resulted fairly well: "But I would like to see greater advantage taken of it. Meanwhile, about one-half of the children taking High School work in the whole Province are taking it in the continuation classes of towns and villages." Rural High Schools at this time would not be justifiable. Upon the Language question he stated that when first the matter became one of agitation he was disturbed though doubtful of the alleged facts: "I, therefore, caused a careful investigation to be made, and found that in 1917, out of 4,100 schools in the Province only 139, exclusive of the French schools, were using a foreign language, and in a great majority of cases where this was done the law making English the language of instruction was to a very large extent complied with." In 1918 only 118 schools were in this category. Hence, however, the new law that no language other than English should be used or taught in any school during school hours, with the exception of French, which was allowed in Grade I for an hour a day. Upon the whole, the law was being observed.

The Old Colony Mennonites, numbering about 6,000—one settlement near Saskatoon and one near Swift Current—had proved troublesome. The only subjects they desired to teach were the Bible and the Catechism: "Last year we adopted the policy of building schools among them, and six schools were constructed and all were placed in charge of qualified teachers. In some of the schools some children have attended, but in others there has been no attendance as yet. We intend to erect other schools this year and enforce the School Attendance Act." He explained at length the Minimum Wage Board and Mothers' Pension legislation of 1919—as to the latter there were 194 mothers receiving allowances on Mch. 31, 1920. Other legislation and matters of Government policy were treated—such as the elimination of patronage; the Federal issue of the Tariff was referred to and on it, he declared, the next Dominion election would be fought.

To the Regina Leader on Aug. 17 the Premier gave an interview on the position taken by Mr. Premier Murray of Nova Scotia as to Natural Resources and Eastern indemnity for Western grants. His comment was: "It is surely a bold thing to say that Nova Scotia, as a Province, possesses a proprietary interest in the natural resources of Manitoba, Saskatchewan and Alberta. She owns her own natural resources, and now she demands a share of ours." His second point was that "it is not a party question but rather a question of the interests of the East as opposed to the interests of the West." As to the rest, compensation for the West was demanded: "Because grants to railways have alienated 31,864,074 acres of our land; because lands were granted in these Provinces in return for railway construction in the Provinces of British Columbia and Ontario; because grants of land were made to half-breeds, to the militia, to South African volunteers, and to the N. W. Mounted Police;" because the Tax exemption given to the C. P. R. had been a great disadvantage to Western Provinces and municipalities. The Winnipeg *Free Press* of Aug. 20th described this as an "adequate statement of Western opinion."

Mr. Martin paid a visit, a little later, to Ontario and at London (Aug. 27) told the local press that: "The Western farmers are not the extremists that they have been represented to easterners. No one realizes more fully the need of a tariff than the farmers but they feel that, in framing the tariff, Ottawa has paid far too much attention to protecting certain industries and that a change has to be made." At a Canadian Exhibition luncheon in Toronto (Aug. 31) he stated that in the non-English schools of Saskatchewan conditions were gradually improving and that the school was the great instrument of Canadianization: "It is there the children meet the English-speaking children and play their games," and to this latter fact he attached much importance. He added that about 72 per cent. of the population in Saskatchewan was on the land. With only a couple of hundred thousand difference in population, Manitoba, on Dec. 31, 1918, had 1,687 schools; Alberta 2,800 and Saskatchewan 4,157 schools.

On Sept. 1st Mr. Martin issued a message in respect to the 15th anniversary of the Province. He described the progress of its people in that period as phenomenal: "The basis of our prosperity and progress is agriculture, and this great industry has made enormous strides. To-day Saskatchewan leads the whole country in wheat production and rivals the great wheat-growing States to the south of it." He spoke of the Government, whether led by Hon. Walter Scott or himself, as sparing no effort "to meet the just demands of agriculture" and as having carried into operation "the most advanced labour legislation in the British dominions." But there was more. Saskatchewan had grown in its cities and towns, in its railway facilities and its cooperative action: "It has more horses than any other Province and stands third for the number of cattle. There has been great progress in dairying." Mr. Martin was Minister of Railways as well as Education, and his Report for April 30, 1920, showed that at the close of 1919 the C. P. R. had 2,776 miles in the Province, the old C. N. R. 2,227 and the G. T. P. 1,168—a total of 6,172.

During 1919-20 the Martin Government was in negotiation with the Federal authorities as to the maturing interest payments under Provincial bond guarantees on G. T. P. branch lines in Saskatchewan. The Provincial Government paid them and looked to the Dominion for re-imbursement. Early in January Hon. W. F. A. Turgeon, Attorney-General, was at Ottawa for the second time in this connection and urged the Dominion authorities to refund these amounts; the Province threatened legal action, if this were not done and to exercise the rights under mortgage which the Province held on the lines in question. In the Legislature on Jan. 20, Mr. Turgeon announced that the Federal Government would repay this money, would relieve the Province of future interest payments on the bonds and would take over the branch lines and operate them as part of the National system. At the same time the Saskatchewan Government would be relieved of a contingent liability of $13,211.000 incurred under the guarantees. He read a despatch from Hon. J. A. Calder confirming the settlement and in September a Federal cheque for $862,252.47 was received by Mr. Dunning, the Provincial Treasurer.

There was only one change in the Government during this year when Mr. Dunning, who had combined the Ministry of Agriculture with his position of Provincial Treasurer since the resignation of Hon. W. R. Motherwell in 1918, gave up the former Department. On April 26 Charles McGill Hamilton, M.L.A., since 1919 and a farmer by profession, was sworn in to the office and re-elected in Weyburn by acclamation; he was 42 years of age, since 1914 had been President of the Association of Rural Municipalities, and was also President of the McTaggart Local of the Grain Growers' Association. His first action was to appoint a woman—Miss Isabelle Cummings—as Secretary of the Department. It was said to be the first appointment of the kind in Canada. In the sense of dealing with the chief interest of the people, Mr. Hamilton controlled the most important Department of the Government.

The Provincial figures of the year 1920 showed an acreage of 17,347,901 or nearly double that of 1914; a product of 113,135,274 bushels of wheat, 141,549,000 of oats, 10,501,494 of barley and 5,705,000 of flax; the total production of these grains was 20,000,000 bushels ahead of any State in the American Union; the value of the field crop was stated at $309,610,716 and of Live-stock at $241,030,755 or a total of $550,000,000. The Horses of the Province numbered 948,280 and were valued at $151,724,800; the cattle numbered 1,324,062 worth $79,971,175; its sheep numbered 160,918 worth $1,609,180 and its swine 321,900 worth $7,725,600. Included in the above total of 309 millions of agricultural products were butter, cheese and other dairy products worth $23,686,550, furs and game of $2,500,000, garden products of $1,500,000 and poultry worth $10,310,616.

As to Horses, J. G. Robertson, Live-stock Commissioner, stated on Jan. 7 that: "Saskatchewan is fast coming to the fore as a Province of fine horses and in fact now leads all Canada in the number and quality of its Clydesdale, Percheron and Belgian animals." In the matter of Game, Andrew Holmes, Game Guardian for the Northern region, (Jan. 22) declared that "Saskatchewan is to-day one of the best big game countries in the world and there is every likelihood that it will remain so, as we have a great hinterland where our big game animals will find food and shelter for many a long year to come." The farmers of the Province took a keen interest in organization not confined to the Grain Growers. On Feb. 4-6 the Saskatchewan Horse Breeders' Association, Cattle Breeders' Association, Swine Breeders' Association and Sheep Breeders' Association, met and discussed all kinds of problems and elected Presidents for their organizations as follows: William Gibson, Girvan; James Brown, Neudorf; S. V. Tomecko, Lipton; H. Follett, Duval.

One or other of the meetings was addressed by Hon. C. A. Dunning, J. G. Robertson. Dr. J. H. Grisdale, Deputy Minister at Ottawa, and others. At Moose Jaw (Feb. 11-13) the Saskatchewan Dairy Association met and heard P. E. Reed, Dairy Commissioner, F. H. Auld, Deputy Minister, and other speakers, and elected F. M. Logan, Regina, as President. The Live-stock Associations' Board met at the close of these gatherings and elected R. W. Caswell of Saskatoon President for 1920. On May 10 Mr. Dunning was able to announce that, according to the Wheat Board estimate of Participation Certificate values, the farmers of Saskatchewan would realize an addition of $32,000,000 to the price of their 1919 crop. The Department of Agriculture in Saskatchewan had for years encouraged co-operation in cheese and butter making with much progress in production and, in 1919, 43 creameries in operation, a dairy product of $17,000,000 and the export of 100 carloads of butter. So with the Co-operative Elevator Co. and Government support, co-operation in regard to Municipal Hail insurance, co-operative wool marketing and promotion of Agricultural Co-operative Societies.

Hon. Mr. Hamilton in September contributed a statement as to Agricultural conditions to the *Public Service Monthly*—an important and up-to-date official publication which kept the progress and position of Saskatchewan well before the public. In it the Minister described the growth of farming in Saskatchewan, the development of Live-stock, the resources and possibilities of the Province. Under this Minister was the important work of the Secretary of Statistics (Edward Oliver) whose yearly report covered all essential facts about Provincial production. In January Mr. Dunning, as Minister, promised to again handle the wool output in 1920, as had been done most successfully since 1914, if the Canadian Co-operative Wool Growers could not take it over; W. W. Thompson, Director in charge of the Co-operative Societies and work for the Province, stated (Mch. 17) that there were 414 in operation, and that the co-operative marketing of eggs, wool, poultry and livestock as well as wool had proved most profitable to the farmers; in April Mr. Thomson resigned after seven years' service with the Government, to go into private business and at the same time it was stated that the Wool Growers' Association would look after the 1920 wool crop; J. F. Booth was appointed Commissioner of Co-operation and stated on July 22 that the Associations in the past year had shipped 780 cars of stock valued at $1,570,000.

Meanwhile, the new Minister had appointed (May 31) a Seed Board for Saskatchewan in compliance with a request from the Dominion Seed Commissioner. The following were named as members: Prof. John Bracken, M.A., Saskatoon; J. G. Rayner, Saskatoon, Director of Agricultural Extension; M. P. Tullis, Regina, Field Crop Commissioner; E. Waddington, Alameda, President of the Saskatchewan Agricultural Association; W. A. Munro, Rosthern, Superintendent of the Experimental Farm; A. E. Wilson, Regina, Chairman of the Seed Purchasing Commission; J. A. Mooney, Regina. At this time, also, Mr. Hamilton resigned from the Presidency of the Rural Municipalities and on June 23 was presented with a handsome gold watch; on July 6 he presided at the Better Farming Conference held at Swift Current.

There were 2,000 delegates present representing over 20,000 farmers and many useful and able speeches were made. Resolutions were passed proposing Departmental study of conditions in South-Western Saskatchewan and of the utility of Irrigation; urging the establishment of a co-operative relationship with the Departments of Agriculture in the corn States, whereby a sufficient supply of mature seed of right variety might be assured; urging the preservation and proper use of straw and a classification of the soils of the prairie; suggesting University enquiry into crop production on varied soil types; asking the Dominion Government to appoint a Commission to survey grazing lands and urging better Railway facilities. As a result of this Conference the Department appointed a Better Farming Commission composed of Dean W. J. Rutherford of the College of Agriculture (Chairman); President John Bracken of the Manitoba College; H. O. Powell, Manager of the Weyburn Security Bank; Neil McTaggart, farmer, of Gull Lake; George Spence, M.L.A.; J. W. Greenway, Commissioner of Dominion Lands; F. H. Auld, Deputy Minister of Agriculture.

This Commission commenced its sittings (Oct. 11) at Mortlach and held others during the year at a dozen Provincial centres with a view to obtaining practical knowledge of conditions. A grasshopper campaign was fought during May and June with M. P. Tullis in charge and an area of about 75,000 acres of grain from the boundary, up the Qu'Appelle Valley to near Saskatoon, ultimately destroyed by the pest despite the use of about 8,500 tons of poison and its accompaniments. Altogether, 358,000 acres were over-run, $70,000 spent, $2,000,000 worth of wheat saved and about $1,600,000 worth lost. This was the third year of ravages by this pest and every possible arrangement had been made to fight it. Another incident of the year was the statement by Mr. Hamilton on June 12 that a total of 15,451 families in the drought stricken areas of Saskatchewan had been given direct aid in the form of food and fuel, seed and feed, or by the payment of freight on fodder, or haying outfits, at a cost to the Provincial Government of $499,000, and a total guaranteed credit by the Province given to Banks, etc., amounting to $2,785,400, or a grand total of $3,284,400.

As Provincial Treasurer Mr. Dunning had to handle the finances of the Province and the estimates of Revenue for the year beginning May 1st, 1920, were presented to the Legislature on Jan. 27 as $11,686,447 and of Expenditures as $11,648,034 with $9,313,000 chargeable to capital account. On the same day the Budget speech was made and the Treasurer first stated that the value of Agricultural products for 1919—a poor crop year—showed an increase in value of over $30,000,000 and in Livestock of $3,648,000; that the surplus of revenue over expenditure for the year ending April 30, 1919, was $877,519; that the gross Public Debt was $34,946 404 or $41.95 per head and the Net Debt $17,742,236 or $21.30 *per capita.* Of the Provincial Farm Loan Board, he said: "In spite of the difficulty in securing 5 per cent. money, and it must be remembered that to operate our Farm Loan Board and to hold the rate of interest to the borrower at 6½ per cent. we must get 5 per cent. money in the first place, the Board has now loaned $3,900,000 to approximately 2,100 borrowers."

During the year 60 per cent. of the total interest due, including arrears, had been paid. As to results: "The lowest general mortgage rate when the Board came into existence was 8 per cent. In certain selected districts of Saskatchewan to-day the ordinary mortgage company is willing to make loans at 7 per cent. It was never the object of the Government to take over all the farm loan business but we did hope to be as much of a levelling influence in that business as the Saskatchewan Co-operative Elevator Co. is in the grain business and there is every indication that our hope will be realized." The bulk of the money required in 1919 had been got by the sale of Farm Loan 5 per cent. 10-year debentures to the people. Of capital expenditures for 1920-21 Mr. Dunning stated that $1,800,000 was required for Housing plans, $3,000,000 for the Farm Loan Board, $1,500,000 for Telephone purposes, $2,136,000 for Public Works construction, $577,000 for Highways and bridges.

Dealing with the fiscal year 1919, the Treasurer stated that the Dominion Government was the source of 32·34 per cent. of the revenue, Provincial direct taxation 34·76 per cent., Licenses 13·72 per cent., and Fees 12·88 per cent. Of the expenditures 8·44 per cent. went to Administrative and Legislative purposes, 19·20 per cent. to protection or judicial services, 52·93 per cent. to developmental purposes such as education, highways, public health, etc., 12·49 per cent. to patriotic purposes such as to soldiers, etc. In September the Public accounts were published and showed for the year of Apr. 30, 1920, Liabilities of $38,016,003 and Assets valued at $75,630,040. The latter included Dominion Government debt allowance of $8,107,000; School Lands Trust account of $26,889,689; Public buildings and lands $10,808,683 and Public improvements of $7,500,414; Telephone system $9,120,407; Saskatchewan Farm Loan Board $4,408,590.

There were other and smaller sums and it was also estimated that unsold lands held in trust for the Province by the Dominion were worth $41,349,529. There were contingent Liabilities, chiefly Railway guarantees, of $32,955,355. The Revenue of the year was $9,903,885 with $1.640.932 brought forward from 1918-19; the Expenditures were $8,736,667 with $2,808,149 carried forward to 1920-21. The revenue included $2,654,839 from the Dominion and the expenditure of $1,335,551 on Interest, $900,365 on Public Works, $747,697 on Public improvements, $1,433,089 on Education, $326,823 on Agriculture and $473,362 on Public Health. Following the Budget period Mr. Dunning effected, on Apr. 27, a sale of $1,000,000 of 4-year 6 per cent. bonds at $102.20; in September another issue of $3,000,000 20-year 6 per cent. bonds was disposed of at $94.68 and at this time he received the Federal cheque re Railways for $862,252.

In connection with the legislation creating a Provincial Bureau of Labour and Industries under the Provincial Treasurer, Mr. Dunning had, meanwhile, announced on May 14 that this body would undertake industrial development of known resources; investigate the practicability of every industry which might appear possible of development in the Province because of the presence of raw material or other favourable conditions; and do all in its power in an educational way to bring before the people of Saskatchewan the necessity of supporting their own home industries when established. The Minister added that this step was taken because control of natural resources seemed no nearer than it was years before, that actual steps for development would now be taken and that the first one would be surveys of the clay industry and deposits of the Province, lumbering and forest resources, coal resources and mining, natural deposits such as Sodium sulphate—of which a 6-million ton deposit had recently been discovered—water powers, oil and gas.

On Oct. 2nd this Minister announced a campaign within the Province for the sale of $3,500,000 worth of Saskatchewan Farm Loan debentures to commence Oct. 26, and continue for six weeks. The Executive of the Saskatchewan Press Association was to take charge of the Publicity side of the campaign and the municipal officials throughout the Province had charge of the organization work. The Minister stated that the Board had loaned over $5,250,000 since Sept. 10, 1917, and added: "There is no way by which the Government can secure sufficient funds at a reasonable rate of interest to meet the heavy demand from farmers in all parts of the Province except by guaranteeing to the home investor a safe and profitable investment and borrowing from the people of Saskatchewan who have money, the funds to loan farmers who desire to borrow on first mortgage, on longer terms and at a lower rate of interest than they can secure money from other sources." He added that up to this time, although there had been no active campaign, a total of $2,082,000 worth of the debentures had been sold. J. B. Musselman, Secretary of the Grain Growers, and R. M. Johnson, Secretary of the new Progressive Party, urged the people to buy these bonds; the drop in wheat and other farm prices followed and increased the difficulties; the sales made slow progress and at the end of the year about $400,000 more of bonds had been sold with three applications made for loans to every subscription received.

A second Budget speech was made by Mr. Dunning on Dec. 6 with a net cash surplus stated at $1,801,095; of the sums voted at the last Session totalling $9,198,000 the Government had only expended $8,225,913 while revenue had increased in certain directions. The main figures embodied and dealt with in this Budget were as recorded from the already quoted Public accounts of the Province. The Treasurer announced that the Government had come to the conclusion that it was time to look around and see if a reduction in taxes could not be effected and had determined that the Supplementary Revenue Tax should be abolished. It was first imposed in 1907 as a levy of one cent an acre on all land in the Province outside the cities and towns; the proceeds of the tax had been used for Educational purposes and the Government would now make the aggregate of the grants to the various institutions greater than before.

Following this the Treasurer put through a Bill for increased taxation of corporations, with Banks, Insurance companies, Express and Trust companies specially affected. The tax for branch banks in towns was increased from $100 to $150 and other branches from $25 to $50. The Bill provided for Insurance Companies a graded scale of taxation from one per cent. on gross premiums up to $50,000; 1¼ per cent. where the total business was less than $100,000 with graded increase to 2 per cent. where the gross premiums exceeded $200,000. Express companies were required to pay $150 in each city and $50 in each town and $10 for every office in any other place with a population of more than 200. Trust companies were to pay a tax of 1½ per cent. on the gross revenue received by the Company from funds used in local investments.

The Hon. George Langley, as Minister of Municipal Affairs, had an important Department to administer with ever-changing and complicated conditions of legislation and local administration. In his 1919-20 Report he stated that in 7 rural municipalities, 58 villages and 5 towns more than 90 per cent. of the taxes were collected, while in 77 rural municipalities, 142 villages and 16 towns the collections exceeded 75 per cent. The Report also reviewed recent legislation as to amendments to seven Municipal Acts; included statements from the Wild Lands Tax Commissioner and the Town Planning and Rural Development Branch with many plans considered and approved; dealt with the detailed statistics and condition on Apr. 30 of seven cities, 77 towns, 327 villages, 301 rural municipalities and 4,393 school districts Speaking of the financial situation of a few of the towns which gave some concern during this year—notably Battleford, Melville, Humboldt and Canora—Mr. Langley stated (Sept. 30) that there was nothing in their condition to constitute cause for actual anxiety to the bondholders. The Local Government Board had authority to deal with the situation and, in any case, "as the towns mentioned form a very small exception to the good standing of the municipalities in Saskatchewan, I think that the general condition is one that merits congratulation rather than otherwise." Mr. Langley, meanwhile, addressed the Rural Municipalities Association at Saskatoon on Mch. 11 and reviewed the work of his Department; in a press interview on May 15 he denounced the Dominion Government for its policy as to branch railway lines in Saskatchewan; in the Regina *Leader* of June 5 and on other occasions he eulogized the work of the Canadian Wheat Board—on Oct. 5 claiming that the break in prices on the Winnipeg Grain Exchange was due to the abolition of this body.

The Minister of Highways (Hon. S. J. Latta) speaking to the Rural Municipalities Convention on Mch. 12 laid stress on the importance of stimulating and advancing co-operation between the Department and the municipal Councils. He referred to the work of two years in classifying the roads of the Province now divided into branch highways, main, inter-urban and trunk highways. He stated that the operations of the current fiscal year would involve expenditures of $800,000 on roads and bridges, $115,000 on ferries, $45,000 on surveys and $100,000 in drainage with a capital expenditure of $335.000 on Public highways and $220,000 on steel and concrete bridges. In a press interview on Aug. 27 Mr. Latta stated that he attached little importance to building a national highway for Tourist traffic; in his opinion the important policy was main market roads so co-related as to give due recognition to the formation of cross-country roads for the care of inter-city and inter-town traffic.

By October the Minister had signed 740 contracts with the rural municipalities in the year for the construction of highways to cost $410,000. At this time, also, the Department came to terms with the Dominion Government as to its grant of $1,800,000 for Provincial roads and Mr. Latta issued the following statement: "There are in the Province 180,000 miles of road allowance and of this 24,000 represents the mileage of main market roads in the Government's main road plan. Of this latter mileage 7,005 miles is included in the trans-Provincial road plan upon which the Federal grant will be earned. For every $4 expended from the Federal appropriation the Saskatchewan Government will put up $5 and thus spend $2,700,000 before the grant is all earned." In this general connection an interesting pamphlet was issued during the year by Dr. T. A. Patrick, a pioneer legislator of the old Territories, urging a County system of finance, taxation and road-work in respect to highways.

The Report of Hon. W. E. Knowles, Minister of Telephones, showed for the year of Apr. 30, 1920, a total of 78,092 stations giving service in the Province with a system of 5,385 pole miles long distance, 25,599 wire miles long distance, 269 exchanges and 416 toll offices. About 7,000 miles were added to rural lines during the season. Private telephone systems in the Province, at date of the Report, included 45,192 miles of line and 49,490 subscribers while the 1,140 companies concerned had a capital or debenture issue of $12,180,861. The Public Works Department, under Hon. A. P. McNab as Minister, reported for Apr. 30, 1920, the acceptance of an architectural design for the construction of the War Memorial to stand on the grounds south of the Parliament buildings and to be erected at a cost of $400,000; the total expenditure on Public Works for the year was stated at $1,876,955; the average number of patients per day at the Battleford Hospital for the Insane was 822 and the total cost for the year $360,094.

Legislation in Saskatchewan; The two Sessions in 1920.

The 3rd Session of the 4th Legislature of Saskatchewan was opened at Regina on Nov. 27, 1919, by Sir R. S. Lake, Lieut.-Governor, with a Speech from the Throne which referred to the visit of the Prince of Wales, the drought conditions faced in a part of the Province during the summer, the seed grain and other forms of relief given to the people effected, and promised measures relating to Temperance, Education, Industry and Proportional Representation, together with proposals for the Irrigation of the area between the South Saskatchewan River and the cities of Moose Jaw and Regina.

George A. Scott of Ann River was elected Speaker, the Address was moved by C. M. Hamilton, Weyburn, and J. R. P. Taylor of Kinistino, and was passed on Dec. 4 without division.

The legislation of a new and amending character during this Session was notable. The Homesteads Act provided that every transfer, lease, etc., of a homestead should be assented to by the owner's wife but this was not to apply in the case of transfers to a Railway company. The payment of bounties for the killing of wolves was re-enacted; the Town Act was amended so that a town could make a grant to a licensed hotel for maintaining a public rest-room and tax the income of married persons over $1,500 and of others over $1,000. The Attachment of Debts Act laid down new regulations for the issue and service of garnishee summonses, and an Act respecting Absconding Debtors provided for the attachment of goods of a debtor where the creditor had reason to believe he was about to abscond, himself, or remove the property. An Act respecting Arbitration and Reference defined methods of arbitration, valuation, etc. A Sale of Shares Act regulated the sale of all securities under a consolidation of existing statutes.

Mr. Turgeon's Succession Duty Act eliminated the value of all encumbrances in calculating the value of an estate for purposes of Assessment. An Act was approved under which British subjects, either by birth or naturalization only, would in future be entitled to become Commissioners for Oaths, with such appointments to be permanent instead of annual; the Minimum Wage Act was extended to include within its jurisdiction girls and women employed in restaurants and hotels and to give the Board authority to determine the proportion of apprentices who could be employed in any shop or factory. An Act was passed granting cities the right to vote by the Proportional Representation system after approval by a majority of the electors under Civic by-law. The Children's Protection Act was amended to compel direct application from the Superintendent of Neglected Children, to a Judge or Justice of the Peace where a case was to be heard and to appoint as Probation officers others than those on a Police force.

The salary of a Surrogate Court Judge was advanced from $1,000 to $1,500; the Legal profession was given prior right, to a limited extent, to discipline members of the profession guilty of misconduct; the power of the Government to establish a partial or temporary moratorium was extended for six months; the protection of soldiers from forfeits, seizures and executions was also extended to Nov. 1st, 1921; the Mothers' Pensions Act was made to include indigent women whose husbands were either inmates of an institution for Incurables or for the Feeble-minded or Insane or who were permanently incapacitated and financially unable to make proper provision for the care of their children. Under amendments to the Infant Act the custody of all children up to the age of 14 years was vested in the mother and after that age in the father, but provision was made for intervention by a Judge in certain cases. It also provided that a father could appoint a guardian to act after his death with the mother as joint guardian. In the case of the death of the mother, the father became joint guardian. Another measure gave legal standing to illegitimate children whose parents subsequently married either before the passage of the Act or after.

A special Act provided for the appointment of a Saskatchewan Water Supply Commission of three persons to cause all enquiries, surveys and tests to be made and all measures taken which appeared necessary in providing an adequate supply of water in the region lying between the South Saskatchewan River and the cities of Moose Jaw and Regina. An Advisory Board was to be associated with the Commission composed of one representative from each of the cities of Regina, Saskatoon and Moose Jaw. The Act respecting villages consolidated previous amendments and imposed new ones which provided, amongst other things, that the stock in trade of a merchant should be assessed at 60 per cent. of its actual value and that all receipts for taxes and for other money receivable by a village should be in a form prescribed by the Minister of Municipal Affairs. Power was given to enter into exclusive lighting contracts.

Another measure enabled Municipalities to grant aid under conditions of drouth and crop failure; an Act respecting advances to purchase Seed grain pledged the Government's guarantee to Loan Companies under certain specific conditions; the Optometry Act was amended to provide that future fines should go to the Government and that the University of Saskatchewan should control the examinations; amendments to the Nurses' Association Act created a new class termed Nursing housekeepers with a year's course and a qualified nurse as Supervisor of the women in training—the examinations to be in the hands of the University. The School Attendance Act was amended to give the Board of Trustees power to relieve a child over 13 years of age from attending school during certain periods and in order to perform necessary duties in husbandry or household work. Another Act took advantage of an arrangement entered into between the French and Canadian Federal and Provincial Governments to provide post graduate courses in Paris under the auspices of the French-Canada Society and in Saskatchewan three scholarships were approved for $1,200 each annually.

An Act respecting Vocational Training provided means by which the Board of Trustees of a town district, or a high school district, could carry on vocational or technical training either in connection with the day school or as evening classes. Provision was made in another Act for the appointment of a Commission to enquire into the condition of the children of men killed or disabled in defence of their country and also for financing the education of such children up to the time that they would be able to earn their own living; large powers and exclusive jurisdiction were given with a limit of $240, however, to the individual amount granted in any scholastic year; the members were to be the Deputy Minister of Education, a person nominated by the Minister of Education and one of the Executive of the Saskatchewan G.W.V.A. A Relief measure gave the Minister of Agriculture authority to make advances of flour, coal and fodder in Local Improvement districts to such farmers as were unable to purchase the same without assistance through failure of crops or other adverse conditions. This Minister was given the power to close unsanitary butter and cheese factories and authority over plans for new buildings; by an Act respecting animals running at large the word "astray" was clearly defined, no hard and fast range area was established for the Northern part of the Province, and free range and herd laws were left to Councils and Municipalities—with a referendum under specific conditions.

Other Acts or amendments provided an open season of two weeks (Oct. 16-31) for prairie chicken; compelled Produce commission merchants to obtain a license from the Minister of Agriculture and give a bond for $2,000 under regulations as to the conduct of business with regular reports to the Minister; provided for the licensing of retailers handling eggs who, also, were prohibited from buying or selling eggs unfit for human consumption while required to maintain some suitable place for the candling of eggs—the Minister was given power to make regulations for their marketing; authorized the Government to lend to the Saskatchewan Co-operative Elevator Co. for the purpose of aiding in the construction or extension of terminal elevators at points outside the Province or towards reimbursing the Company moneys already expended for that purpose—an estimated $1.000,000 being required in addition to the $2,032,035 previously advanced by the Province.

The Premier stated (Jan. 9) in this connection that the Loan would enable the Company to almost double its storage capacity at the Port Arthur terminals—from 2,500,000 bushels to 4,500,000 bushels—with a total capacity of 5,100,000 bushels. While this would increase the Government's financial obligations, repayment was secured by a first mortgage on the entire plant valued at approximately $3,000,000 which should considerably enhance the value of the security held by the Government on the total Co-operative Elevator indebtedness. Another Act established a Bureau of Labour and Industries, to administer various Acts, with a Commissioner in charge. An Act respecting Irrigation provided for the formation of Irrigation districts composed of a parcel or parcels of land on which any dam, weir, flood-gate, reservoir or other contrivance for the carrying of water could be erected. Agreements entered into between the Great West Natural Gas Corporation and the cities of Regina, Moose Jaw and Swift Current for the supply of natural gas to those centres were ratified and the Act vested complete control over the location, construction, maintenance and repair of all supply mains outside the cities' limits in the Minister of Highways.

Some important amendments were made to the Municipal Hail Insurance Act and in future no person who had withdrawn his land from Hail insurance protection under the municipal scheme could vote on a by-law to repeal hail insurance in his municipality; every person assessable for Hail insurance was required to report to the municipality the amount of his land under crop by June 1st of each year; regulations were made more stringent in various directions. During the Session 102 Bills were passed, Donald Maclean led the Conservative Opposition of six which, on vital subjects such as freer trade, Reciprocity, Natural resources, etc.—supported the Government. On Jan. 21, after considerable discussion, a Resolution was moved by Dr. G. W. Sahlmark and T. H. Garry, Liberals, and carried unanimously which gave Legislative approval to the chief fiscal clauses of the Farmers' new National Policy and the Liberal party Platform as well—including an immediate, all-round reduction of the Tariff, eventual complete Free-trade with Great Britain, Reciprocity with the United States on the 1911 basis, free foodstuffs with, also, all the chief requirements of the farmer to be on the free list, and the following additional clause: "Reduction of duties on wearing apparel and foot-wear and other articles of general consumption and on such raw materials as enter into the manufacture of the same." The speakers included Messrs. Knowles, Langley and Latta of the Government, but no Opposition members. Unanimously, also, on Jan. 9 the Legislature had passed J. G. Gardiner's Motion urging upon the Government of Canada "the necessity of arranging for the transfer to the Province of the Public domain within its limits without further delay."

The 4th Session of the Legislature was opened on Nov. 4, 1920, by Sir R. S. Lake, Lieut.-Governor, with a Speech from the Throne which described the crops as much more satisfactory than in 1919 and stated that a Commission had been appointed to enquire into the causes of crop failure in certain sections; referred to the creation and coming Report of the Bureau of Labour and Industries and regretted the few votes polled in the recent Plebiscite upon the Liquor question; stated that the Commission on consolidation and revision of the Statutes of Saskatchewan, appointed in 1917, would report at an early date; mentioned other matters as to which reports would be submitted. The Address was moved by Murdo Cameron of Saskatoon and T. E. Gamble of Bengough and passed in due course without division. During the Session a number of Resolutions were approved after more or less lengthy discussion. Hon. Mr. Langley presented on Nov. 10 a motion reviewing the work of the Dominion Wheat Board, declaring that it had satisfactorily marketed the crop of 1919 and urging its re-appointment "to take charge of and market the balance of this year's wheat crop."

In his speech the Minister denounced the Winnipeg Grain Exchange and declared that the present price of wheat was about $1 a bushel less than the price that obtained while the Wheat Board was in operation; that this meant a loss to the farmers of Saskatchewan of about $130,000,000; that the whole of this loss was traceable to the disestablishment of the Wheat Board. T. E. Gamble on the 11th stated that no other action on the part of the Dominion authorities had ever struck so forcefully at the West as the disestablishment of the Wheat Board. During the debate a few members expressed doubt as to a permanent Board and others preferred a Co-operative Board; but the House passed the motion unanimously on the 16th. On Nov. 17 A. B. Gemmell moved a Resolution deprecating the slowness of branch line railway construction, describing the difficulties of many settlers and urging the Dominion Government to complete the branch lines of the Canadian National Railways, which were already projected into various sections of the Province, at the earliest possible date. After two days' debate this also passed unanimously. So did a repetition of the motion (Nov. 24) passed by every recent Session urging the grant of Provincial control of natural resources or public domain. In this connection the Attorney-General (Mr. Turgeon) stated that the Government would not take any legal proceedings but would continue to urge its claims as being right and reasonable.

On Dec. 2nd the same Tariff Resolution as was approved by the earlier Session of the year was passed again without opposition. John Hawkes, Legislative Librarian, reported that an excellent Law library was now available to members as well as other crowded shelves and stated that the demand for Travelling libraries was steadily growing with 365 in circulation at this time. The House was prorogued by His Honour on Dec. 15 after passing considerable legislation. The King's Bench Act was amended to constitute the Court with six instead of five Judges; the Evidence Act was changed so as to make it impossible to send a man to prison on the strength of admissions made on the witness stand though he could still be punished by a fine on strength of such evidence; the Homesteads Act was amended so that the wife of a homesteader could file a caveat to protect her rights in the homestead; the Sub-divisions Act was changed so as to facilitate the purchase or sale or exchange of parcels of land; the Pharmacy Act was amended to define and increase the powers of the Council of the Pharmacentical

Association and to define the conditions of registration and apprenticeship.

Under an Amendment to the Deserted Wives' Act the weekly sum which the husband could be ordered by a judge to pay for maintenance was raised from $10 to $20; provision was made under the Mothers' Pension Act so that the Government would bear the entire cost; the Municipalities Relief Act was amended to give powers of collection similar to municipal tax conditions; under the City Act Councils were given power to impose an Amusement Tax and the exemption from Income for married persons and widows and widowers with children was raised from $1,500 to $2,000, and, as to rural municipalities, the Minister was given power to remove any unsatisfactory auditor and compel another appointment; under Seed Grain Act Amendments a farmer might obtain a fresh advance if the former was unpaid but not more than would make the total due $750 per quarter section—so with feed advances to a total of $150.

Another measure enabled Grain Growers' Associations, etc., to acquire community halls and rest rooms; the Agricultural Aids Act was amended to enable the Provincial Treasurer to borrow two instead of one million dollars for the purposes of the Act; important detail amendments were made to the Stray Animals Act and the amount of money which the Government could borrow under the Farm Loans Act for the use of the Board was raised from $10,000,000 to $15,000,000; a transfer tax of $2,00 was imposed under the Vehicles Act upon sales of registered cars and heavy penalties imposed for driving a car when intoxicated; a number of amendments to the Telephone Act were made so that the Government should retain its monopoly of all wireless and similar means of communication; the Tuberculosis Act was amended to give the Government representation on the Board, and the Venereal Diseases Act so as to forbid any person so affected from acting as a teacher, dentist, barber, butcher or waiter.

The Supplementary Revenue Act was repealed but with power retained to collect arrears; under the Workmen's Compensation Act the word "employer" was made to include the Crown, the word "workman" to cover no one making more than $2,000 a year, and the compensation recoverable was limited to $2,500 as a maximum; the Revised Statutes of 1920 were given the force of law and the Moratorium extended to Feb. 1st, 1922. The members of the Legislature were increased from 59 to 63 in number and the cities of Regina, Moose Jaw and Saskatoon given two members instead of one as formerly, while a new constituency named Gravelbourg was carved out of the Morse and Moose Jaw riding, and some boundaries were slightly changed; the Elections Act was amended to do away with the system of registration of voters hitherto in force in cities and towns of 2,000 population or over, and to substitute enumeration in its place.

The Grain Growers of Saskatchewan; Political Policy and Action

The Saskatchewan Grain Growers' Association was the pioneer in the Farmers' organization movement which by 1920 had swept over the Dominion; its 19th annual Convention at Saskatoon on Feb. 10-13 was attended by 1,190 delegates and hundreds of visitors; a decision had to be taken as to political action in Federal and Provincial fields; in the latter connection Mr. Langley, Minister of Municipal Affairs, and Mr. Dunning, Provincial Treasurer, were prominent and active members of the Association and leaders in the Co-operative Elevator movement which so concerned the farmers.

J. A. Maharg, M.P., presided and spoke largely along fiscal lines with a special appeal to show loyalty to the Empire by promoting freer trade with Britain. The Executive reported 36,000 members and receipts of $49,965 for the Political Fund of the Association and the Trading Co-operative department dealt with various difficulties during the year and the setting aside of $40,000 for losses on binder-twine. J. B. Musselman, the energetic Secretary, spoke at length and very freely upon what he termed "the greatest of all modern slave-drivers—the high protective tariff." He opposed class political action; the S. G. G. A. was an industrial and commercial organization with men of all political faiths, and party action would weaken its position and influence; the class domination of manufacturers should not be replaced by that of Labour or Farmers. He summarized his views explicitly: "It is, then, apparent that a vocational class political organization, such as one of farmers, should not be attempted."

To these and other objections was due the Saskatchewan Farmers' political organization in Federal affairs outside of and apart from the Association; hence a Resolution passed by the Convention approving the external organization of supporters of the New National Policy throughout Saskatchewan for election purposes; hence another motion declaring that a Provincial Government was not justified in using its power and the facilities placed at its disposal in Federal elections, in support of a party or group of the electors. The Association approved of abolition of patronage by both Federal and Provincial Governments and endorsed certain changes in the Farmers' New National Policy. Then came the chief issue of the Convention—that of Provincial politics. It was precipitated by a motion declaring: "That this Convention favours the formation of a political organization to enter the Provincial field for the purpose of nominating and supporting independent candidates wherever feasible, said organization to be created with the approval and assistance of our Provincial Grain Growers' Association." The supporters of the motion were quite clear as to their object—a Farmers' Government at Regina as well as Ottawa.

A wide and free discussion followed with all sorts of amendments; Hon. Mr. Dunning, who was present, refused to speak; Thomas Sales summed up the feeling as largely in favour of Provincial action but suggested a year's delay. A Resolution was finally approved appointing a Committee composed of the Central Board of the Association and of the Women's Section to draft a Provincial political platform for submission to the local and district Conventions and then to the annual Convention of the S. G. G. A. in 1921. The first form of this Resolution was a Committee of five from the floor of the House and it was approved rather hastily; on the following day Mr. Musselman pointed out that this was practically an expression of non-confidence in the Executive of the Association and that most of the Committee had refused to act; finally the motion was amended as above. Other Resolutions of importance which were passed may be summed up briefly:

1. Approving the demand of the Women's Section for a more stringent, compulsory education law, and for laws relating to the care of the feeble-minded.
2. Recommending National insurance for returned soldiers and an equal basis for all pensions and allowances as between officers and privates.
3. Declaring that no use should be made of the name of the Association in support of any political effort unless first authorized to do so by resolution of the Convention.
4. Re-affirming support to "the complete abolition of alcoholic liquor as a beverage" and of its importation.
5. Urging free transportation of seed oats and feed oats into districts suffering from drought.
6. Favouring, for the present, a continuance of the Canadian Wheat Board and the National marketing of Canada's wheat.
7. Protesting against the charge that the New National Policy was a class movement, and strongly opposing "any attempt to establish a system of militarism in Canada."
8. Endorsing the requirement in law of personal application for naturalization.

The President, J. A. Maharg, M.P., was re-elected as was A. G. Hawkes, Vice-President, and the Secretary, J. B. Musselman. The Women's Section of the S.G.G.A. had become by 1920 a strong body; its members had full rights in the men's organization and also in their own Section; there was a disposition among the Farmers to leave to the women a chief voice in framing demands for legislation on subjects dealing with education, health, home life, etc.; the women had also representation on the Executive of the Men's Association and on such Committees as that of Political action. The Section met at Saskatoon on Feb. 10-13 in its 7th annual Convention with Mrs. C. E. Flatt of Tantallon presiding. After the President's address various reports of work were submitted including that amongst the non-English populations with effective night schools; that of Household Economics dealing with labour-saving devices and other matters of similar interest; that of the Directors showing a membership of 8,000 with a 100 per cent. increase in the year; that of the Home Branch of the Soldiers' Settlement Board which helped in supplying nurses, medical aid, etc., to outlying settlements. Resolutions were passed as follows:

1. Asking the Department of Education to amend the Act so that children be compelled to remain in school until the age of 14 and as much longer as was necessary to complete the standard of Grade VI.

2. Asking amendment to the law so that all children living in a school district be compelled to attend, whether they live 2½ miles from school or more than that.

3. Requesting an 8-hour day for pupil-nurses at once and for graduate-nurses as soon as possible.

4. Declaring it amongst the first duties of both Dominion and Provincial Governments (1) to provide for the care of all mentally defective persons in industrial colonies; (2) to enact that marriage licenses shall be issued only upon a certificate from a competent authority that both the contracting parties are physically and mentally worthy of the privilege of parenthood; (3) that to this end arrangements should be made at once for a survey of the physical and mental health status of the people.

5. Approving the work of the Juvenile Court, Regina, under charge of Judge McLachlan—a woman appointee.

Mrs. John McNaughtan, President of the Inter-Provincial Council of Women, presented a Report of the Council's work and the officers were re-elected as follows: President, Mrs. C. E. Flatt, Tantallon; Vice-President, Mrs. W. H. Frith, Birmingham; Secretary, Mrs. M. L. Burbank, and as Directors-at-Large Mrs. John McNaughtan of Harris, Mrs. H. V. Haight of Keeler and Mrs. Ida MacNeal of Expanse. The Co-operative activities of Saskatchewan in 1920 extended to nearly every phase of agricultural life. J. F. Booth, B.S.A, Co-operative and Market Commissioner for the Province, stated at the beginning of the year that there were 404 Associations in operation, with shareholders numbering 18,248—engaged in the purchase and distribution of farm and building supplies, and the marketing of grain, wool, livestock, seed, eggs, roots, etc. The co-operative shipping of livestock by 51 Associations included, in 1919, 780 carloads worth $1,570,582 and the total value of all produce handled, including livestock, was $6,189,591; the yearly profits in 1915-19 totalled $392,008.

The annual meeting of the Saskatchewan Co-operative Elevator Co. was held at Regina on Nov. 24 with President J. A. Maharg, M.P., in the chair. The financial statement for the year ending July 31, 1920, showed a net profit of $224,988 which, after paying a dividend of 8 per cent. totalling $90,259, left a balance of $134,729. The amount of grain handled through country elevators and shipped over platforms was 20,324,772 bushels and a considerable number of new Locals and elevators had been established. The total number of Locals reported was

325 and of shareholders, 21,143. The Commission department of the organization had handled 18,973,241 bushels of grain, and out of 110,000,000 bushels of grain handled during the year, in all the terminal elevators at the head of the Great Lakes, 15 per cent. was handled by this Company. An interesting extension of the Co-operative idea was the formation at a meeting held in Regina, on Jan. 23, and attended by over 100 farmers, of the Agricultural Insurance Co. of Saskatchewan intended to transact Hail, Fire and General Insurance. Its charter, previously obtained, provided for an authorized capital of $500,000 but it was resolved that this should be increased to $1,000,000. Stock subscriptions up to this time were $271,700 and the following officers were chosen: G. M. Bell, President and General Manager; Hon. C. A. Dunning, Vice-President and J. H. Mitchell, Secretary.

Following the action of the Saskatchewan Grain Growers' Association as to Provincial politics, there was wide discussion and the holding of many meetings. Mr. Martin led a Liberal Government and he had accepted the Hon. Mackenzie King as his leader but his policy in fiscal matters was that of the Grain Growers; his ready acceptance of all their practicable proposals left little room for dissatisfaction amongst their members; Messrs. Langley and Dunning were amongst the most trusted of the Grain Growers' leaders and the most influential of his own Ministers. Hence the difficulty which the Association found in placing itself in the same hostile attitude toward the Provincial as toward the Federal Government. As the months passed on the proposed Provincial platform was in course of construction and Mr. Musselman on Mch. 6 made a series of suggestions to the Regina Grain Growers. He contended, to begin with, that Saskatchewan had been pretty well governed as was freely admitted by all classes who were not actuated by purely partisan opposition: "In many matters of advanced legislation we have led all the Provinces while we have lagged behind in few indeed. It will not be a simple matter therefore to provide any extensive programme of new and better legislation."

He added that practically none of the reasons which actuated organized Agriculture in creating a new group of the electors for Federal purposes obtained in connection with Provincial political affairs. Suggestions were invited in May from all the Locals and from other public bodies as to the proposed platform and a circular-letter was sent out by Mr. Musselman, which was carefully worded and serious in its appeal to what he termed the "non-class and non-partisan" views of the electors. A few letters for or against Provincial action were received; Resolutions for or against were passed by a few Locals; but as a whole the response was slight. On July 29, after a two days' session of the Central Board of Directors of the S.G.G.A., a statement was issued which described the appeal issued to the Locals and proceeded as follows:

> Whereas to date only a small percentage of the Locals have replied and of these many are opposed to, while only a minority of them express a desire for, the preparation of such a platform; and whereas it would appear that the Locals in general have not as yet given full consideration to the many matters involved in the proposed undertaking; and whereas it may not be presumed that the Association contemplates abandoning the character of being an organization for all the farmers without regard to their political affiliations: Therefore, this Conference does not deem it wise to declare itself on, or to include in, a programme of legislative demands for the Association any matters other than those already approved by it in Convention.

On Nov. 4 the District 12 Convention of the S.G.G.A. at Prince Albert was told that out of 1,100 letters sent out by Mr. Musselman only 126 replies had been received; he spoke strongly against political action so far as the Martin Government was concerned; a motion in favour of entering the Provincial field was withdrawn and another carried expressing regret that a Provincial Political Platform had not been submitted to the Convention. A joint meeting of Districts 4 and 8 (Nov. 21) approved the action of the Central Board in not formulating a Provincial platform; the Conventions of five other Districts at the close of the year did not deal with the subject. There was, however, no question of where all these bodies and the membership in general stood as to Federal politics.

Various addresses by J. A. Maharg, J. B. Musselman, R. M. Johnson, Secretary of the National Progressive party in Saskatchewan, and W. J. Orchard, President of the latter body, showed strong feeling in this respect. On Oct. 6 the new party met in Convention at Regina and arranged for incorporation as the New National Policy Political Association. W. J. Orchard of Tregarva was re-elected President, Thomas Teare of Moose Jaw Vice-President, with others of the Executive as follows: A. Baynton, Prince Albert; George Edwards, Last Mountain; R. Finnerty, Kindersley; R. M. Johnson, Regina; and Mrs. John McNaughtan, Kindersley. Mr. Johnson announced a total enrollment of 50,923 names in the "Liberty drive" of 1919 with 44,463 supporting "our candidates." The financial report showed that a total of $89,494 had been collected for Association and political purposes; it was stated that to carry on through the coming Elections $90,000 more would be required and another "drive" was arranged for.

The situation faced by the Martin Government at the close of 1920—with a Provincial election pending—was, therefore, more favourable so far as Farmers' organizations were concerned than existing Governments in other Provinces had found it to be during this year of restless and changing thought.

The Prohibition Question in Saskatchewan; Educational Interests of the Year.

The air was full of rumours at the beginning of 1920 as to what would be done in this Province with the Liquor question; conditions had not been perfect under existing Prohibitory laws, but drunkenness had largely disappeared from the streets of the cities and private drinking was greatly reduced; opinion was said to be divided, without party considerations, between moderate and extreme views. The Government was ready for further action and the Saskatchewan Social Service Council had urged a Plebiscite as to importation. In the Legislature on Jan. 28 Hon. W. F. A. Turgeon introduced a drastic and complete Prohibitory measure together with a request to the Federal authorities for a Referendum on Importation. The Attorney-General explained preceding legislation. Saskatchewan had abolished the bars in June, 1915, and from then until Dec. 31, 1916, Government liquor stores had operated. Then there was the prohibition of sale for beverage purposes and next came the Dominion order of April, 1917, prohibiting the entry of Provincial shipments.

That order had lapsed Dec. 31, 1919, and the position now was that the sale of liquor within the Province was illegal, but imports for personal use were legal. In the main, Mr. Turgeon's legislation was aimed to forestall possible breaches of the Prohibition Act by druggists and the medical profession. The Bill provided for the appointment of a Commission of three to have complete control of liquor imports for medical purposes; purchases by physicians were restricted to one quart at a time from sources satisfactory to the Board and a prescription was limited to 8 ounces of brandy or rye whiskey. Doctors convicted of breaking the law were subject to a fine of not less than $200 and not more than $1,000; on a second offence imprisonment was the only penalty provided.

The Bill authorized permits to such druggists as might furnish a bond of $500 and produce a recommendation signed by 5 reputable persons residing in the same locality. Complete records of every prescription filled were required, and these records were to be open to the Inspectors at any time during business hours. The stock of a drug-store could not exceed 10 gallons of spirits of various sorts, 10 gallons of wine and 20 gallons of malt liquors. Intoxicants were defined as all liquors containing more than 1·13 per cent. of alcohol, and stringent penalties were provided for any form of unauthorized selling. It was provided also that agents of extra-Provincial firms must not canvass for liquor orders and that no person should consume liquor in any place other than his dwelling. The right of search was given to all Inspectors and liquor unlawfully kept was liable to seizure. There was much divergence of opinion in the debates of Jan. 23 and Feb. 1st, with Donald MacLean, K.C., Conservative leader, and Hon. G. Langley very doubtful as to Prohibition. The 2nd reading, however, carried by 40 to 6—the latter vote including three Liberals, two Conservatives and one soldier. The Bill passed without further division on Feb. 4, after all penalties imposed had been declared maximum penalties with the Courts given the right to impose minimum fines, etc.; it went into operation on Dec. 15.

Meanwhile, the application to the Federal Government for a Referendum on importation was carried and, in due course, the Dominion authorities fixed Oct. 25 as the date of the polling. Announcement was made on Mch. 17 by W. J. Orchard and others that the farmers would be behind the Social Service Council in the campaign and this was corroborated by a Resolution of the Grain Growers' Executive on Sept. 23; the Council decided that a Fund of $20,000 would be sufficient and proceeded to raise it. The Government announced on July 15 the establishment of the Saskatchewan Liquor Commission, consisting of R. E. A. Leach, of Regina (Chairman), Allen G. Hawkes of Percival, and William J. Bell of Saskatoon. T. A. Colclough, K.C.—and afterwards T. D. Brown, K.C.—was appointed Provincial Director of Prosecutions.

The Chairman was also Chief Inspector under the new law. Gradually, preparations for taking over control of the liquor traffic in the Province were made, and by the middle of December the Commission had the reins in hand. Of attempts at "rum-running" from Saskatchewan to the United States, the most important was detected on Oct. 15 when seizure was made of five American motor-cars which were being loaded with whiskey at Carnduff. On Oct. 15 Hon. Walter Scott, ex-Premier, stated in the Victoria *Colonist* that: "My settled conviction is that the Saskatchewan Act of 1915 which abolished private interest in traffic in liquor in that Province, wholly and completely, and set up Government shops for sale of liquor in packages was the very best scheme yet devised for dealing with the question." He believed Mr. Langley still shared that opinion.

The Referendum vote on Oct. 25 resulted successfully for the Prohibitionists. Official figures showed 86,950 against importation and 55,258 in favour of it. Many electors did not vote, a fact that was commented upon with regret in the Speech from the Throne when the Legislature re-assembled on Nov. 8. Reasons for the abstention were given in a letter to the Regina *Leader* by Hugh Dobson on Nov. 23. The weather and the roads were bad in many districts, while in others threshing was in full blast and labour was scarce. Speaking in the Legislature on Nov. 10 Mr. Premier Martin said there were large stocks of liquor on hand in the export liquor warehouses and the Government could not do anything with them. As to the Saskatchewan Temperance Act, the Premier said the reason they had been unable to enforce this legislation was because the people did not want it enforced. Later in the year these warehouses did a large illicit traffic across the U.S. border and on Nov. 16 the Legislature unanimously passed a Resolution describing the condition of disorder and terrorism on the border and urging the Dominion Government to declare the traffic illegal and to put an end to the export liquor business. During this 2nd Session further amendments were made to the Temperance Act. The Commission was given absolute control, in the premises, with power to appoint special enforcement officers who would see to general enforcement, prevent and detect violations and obtain evidence and have the right to call upon municipal and Provincial police for assistance. Additional clauses tightened prohibition of sales, included brewers, distillers, etc., amongst those making returns and, in varied details, endeavoured to meet possible enfractions of the Act. By a special measure Export warehouses were abolished.

Educational Interests of the Province. For the year ending Dec. 31, 1919, the Report of A. H. Ball, Deputy Minister, to his Chief, who was Prime Minister as well as Minister of Education, showed an expenditure of $1,546,622 on school sites and buildings, $4,813,000 on teachers' salaries and a total for all purposes of $12,673,124. The total Government grant for the fiscal year ending April 30, 1919, was $1,292,954 of which $91,547 was expended on secondary education. The consolidation of schools continued with 28 in existence; the total number of free Readers distributed was 115,986; the teachers' certificates issued were 3,286 of which 539 were provisional and a reduction of nearly one-half; the average salaries were considerably increased in the year, the Cadet Corps had a membership of 3,165.

The number of school districts in operation on Dec. 31, 1919, was 4,159 and of departments 5,132; the number of pupils enrolled were 159,486 and the average attendance 96,206; of the enrollment 93,943 were in rural schools, 26,555 in villages, 18,421 in towns and 20,549 in cities; the number of teachers employed during the year was 1,269 male and 5,117 female; there were 16 Catholic Separate schools and 4 Protestant; the Assets of all schools totalled $22,561,476 and the Liabilities $11,756,250; the Receipts of the year totalled $12,673,124 of which $7,121,046 came from taxes, $2,950,867 from sale of debentures and other borrowings with Government grants (calendar year) of $1,255,094 and a balance from 1918 of $1,114,455. There were 13,000 School Trustees in the Province and over 40 Inspectors. The Teachers' Exchange in the Department of Education did good work and in 1918-19 placed 1,003 teachers and in 1920, up to November, 796 more.

The matter of High Schools was discussed in the Legislature during the year. On Jan. 9, G. B. Johnstone (Lib.) asked by Resolution—afterwards withdrawn—for extension of existing

High School districts to include portions of the country around, with liability for taxation for High School purposes. During the discussion Mr. Premier Martin stated that the Saskatchewan Government was considering the provision of additional financial assistance to the High Schools in the smaller urban centres and legislation would also be brought down giving rural municipal Councils power to make grants for High School purposes. On Jan. 19 a Resolution was passed urging the Government to make it possible for rural districts to do as the villages did and organize Continuation classes in the rural public schools as a help to secondary education. A little later an Act passed authorizing rural public schools to undertake high school work similar to that being given in smaller towns and villages. The Secondary Education Act was also amended so as to abolish tuition fees payable by the parents or guardians of pupils attending High School while the grant payable to every district maintaining a High School or Collegiate Institute was increased from $1.50 to $4.00 per day for each teacher employed.

The 5th annual Convention of the Saskatchewan School Trustees' Association was held at Moose Jaw on Jan. 25-27 with J. F. Bryant, M.A., LL.B., in the chair. In his address the President referred to the critical conditions in both the United States and Canada as to the shortage of teachers and the utterly inadequate salaries paid; he suggested a standard schedule for Saskatchewan involving a large immediate increase and $100 per year until a specific maximum was reached—for women $1,500, 2nd class, $1,700, 1st class, and $2,000 for University graduates; for men, $1,700, $2,000 and $2,400 respectively. He urged, also, the establishment of consolidated schools and libraries. Many valuable addresses were given including those of Dr. C. W. Flint, Mount Vernon, Ia.; Hon. W. M. Martin and Sir Frederick Haultain; Dr. Helen MacMurchy of Toronto; Hon. S. J. Latta and Colonel E. H. Oliver; Rev. G. W. Kerby and W. L. Grant, M.A., Toronto.

A large number of Resolutions were passed of which the most notable were as follows: (1) approving in detail Mr. Bryant's suggestion as to salaries; (2) asking the Government to enforce upon candidates for the position of Trustee the taking of the oath of allegiance; (3) objecting to "the commercialism of the many teachers' employment agencies throughout the Province" and asking for Government control; (4) urging that books printed in foreign languages be charged the same Tariff duties as books in English and French; (5) asking the Government to forbid the display of religious emblems in any public school except during the period provided for religious instruction; (6) requesting the Provincial Government "to take action towards the abolition of all Separate Schools in the Province." Mr. Bryant was unanimously re-elected President.

The Department of Education was active in a wide field of work during the year with 8 branches devoted to specific subjects of administration; Mr. Premier Martin took a continuous interest in the system and its improvement and his policy was obviously progressive with a total expenditure on Education of $13.00 per head. On April 16 a new schedule for Regina teachers stated that after Sept. 1st, 1920, no teacher holding a 2nd class certificate would be engaged at less than $1,200 with the $300 bonus of 1919 added permanently to all salaries—which, also, were increased by $100 to $400 in all classes over the previous scale *plus* bonuses. Speaking in Regina on May 17 Mr. Martin, as Minister of Education, attributed the shortage of teachers—from 500 to 1,300 a year—as due not only to small salaries but to the discomforts in many rural districts and the altogether inadequate status accorded the profession. D. P. McColl, Superintendent of Education, announced on June 3rd a number of changes in regulations with additional text books for the Public and High Schools, an extension of music certificates accepted by the Department and changes in examination regulations.

A little later the Minister arranged that teachers from the British Isles who had taken a two years' course of training at a training college could be granted interim 2nd class and 1st class certificates if their work in Saskatchewan was approved by an Inspector of Schools. During the year the Department took steps to have the law observed as to rural schools being open 200 teaching days in each calendar year and granted $5,000 to the I.O.D.E. for its educational work; the Educational Council was re-organized with H. H. Smith, B.A., Saskatoon; William Grayson, K.C., Moose Jaw; George H. Ling, M.A., Ph.D., Saskatoon; Joseph E. Morrier, Prince Albert; and Rev. Thomas MacMahon, Regina, as members. An interesting incident of the year was the progress of the Rural Educational Associations of which 80 were in active operation during the summer with useful community work as their chief sphere. In the Legislature on Dec. 7 Mr. Martin spoke on the 2nd reading of his Bills to provide increased grants in support of Elementary and Secondary education. He pointed out that the total expenditure of this Department in 1919-20 was $1,900 000 and for 1921-22 he was asking $2,632,000. Under the Elementary Bill a school with two rooms would be able to earn in grants $441 a year, a school with 5 rooms $2,335, and a school with 12 rooms $3,532. Under the Secondary Bill there would be increases in the grants to High Schools and Collegiate Institutes that would enable a three-room school to earn $2,520 and also 15 cents a day for every non-resident pupil in attendance.

The University of Saskatchewan in 1920. At the beginning of the year the question of the moment was the dismissal in 1919 of four Professors by the Board of Governors and the evidences of friction in the University which had become public.

During the Convention of Provincial Agricultural Societies at Saskatoon on Jan. 15, there was a heated discussion as to this action of the University Board and a Resolution was passed asking the Board to state its reasons—particularly in the case of S. E. Greenway, Director of the University Extension movement. As a result of this and other indications of public unrest, the Government appointed three Judges on behalf of the Lieut.-Governor as "Visitors" to enquire into the circumstances surrounding the dismissal—Hon. H. W. Newlands, Hon. G. E. Taylor and Hon. J. F. L. Embury.

The Visitors sat for the first time at Saskatoon on Mch. 23 with P. E. Mackenzie, K.C., and Donald MacLean, K.C., appearing for the Board of Governors and Hugh Phillips, K.C., and B. H. Squires for the four men dismissed—J. L. Hogg, Dr. Ira A. MacKay, Dr. MacLaurin and S. E. Greenway. Testimony was taken under oath for eleven days and revealed an atmosphere of dissension and unrest around these members of the staff; the President had finally recommended their dismissal and informed the Board of Governors that his resignation, also, was at its service; the Board approved the President's action. President W. C. Murray, D. P. McColl, Secretary of the Board of Governors, the dismissed Professors and a number of others were heard and the judgment issued on April 30. After twelve days' exhaustive enquiry, the finding was a complete vindication of the action of the President and Board of Governors.

In it the Judges declared: (1) That neither the Board nor the President had acted oppressively, nor was there the remotest suggestion of any corruption or improper motive in their action; (2) that the action of the Board was not only regular and proper, but necessary in the best interests of the University; (3) that evidence showed each and every one of the charges made by Mr. Greenway against President Murray to be untrue and without foundation in fact; (4) that the position taken by the three other Professors with reference to these charges was but little different to that of Mr. Greenway himself; (5) that the failure of MacLaurin, Hogg and MacKay to vote confidence in the President's management and express loyalty to him constituted such an open allignment of these Professors behind Greenway in the charges he had made, that it became essential their services to the University should be dispensed with—in case the charges were not substantiated; (6) that the attitude assumed by these Professors towards the Board of Governors showed a spirit of contumacy to the Board and of disrespect for its authority; (7) that the facts disclosed in the enquiry proved that the course taken by the President and the Board was necessary; (8) that a state of affairs in the University had been created such as made it impossible that these men should remain any longer in its service. There was "no room for doubt on this point."

The term of Sir F. W. G. Haultain as Chancellor of the University expired in the academic year 1919-20 and on June 14 he was unanimously re-elected. The following were elected members of the Senate by acclamation: Dr. H. A. Stewart, Saskatoon; W. Pennington, Moosomin; C. E. Walker, Regina; Prof. A. R. Greig, Saskatoon. In September P. E. Mackenzie, K.C., of Saskatoon was appointed to the Board of Governors. On July 31 the following appointments to the Staff were announced: Manley Champlin, M.S., as Senior Professor of Field Husbandry; G. M. Williams, B.SC., of Nebraska University, as Junior Professor of Civil Engineering; C. E. Muller, B.A., B.SC., as Junior Professor of French; I. A. Barnett, M.A., Ph.D., Assistant Professor of Mathematics. At Convocation on May 6 Prof. G. H. Ling, Dean of the Arts Faculty, said that the attendance during the academic year had filled the residences and classrooms to the utmost and he hoped for the enlargement of the College by addition of a Department of Electrical Engineering; he referred to the gratifying increase in attendance upon the agricultural classes and mentioned the courses provided for returned soldiers, in the study of farm machinery and motors, gas tractors, auto operation and repair, machine shop practise and steam engineering. A course in Household Science for the wives of returned men was also provided.

During most of this Academic year President Murray had been ill and absent but the Governors and Staff had redoubled their efforts and work. At this time the University Senate considered a proposal to make French an obligatory subject of study on the curriculum but it was found, upon examination, that 90 per cent. of the students were studying it voluntarily and it was thereupon decided to take no formal action. The University had 1,637 students during the year 1919-20 with 368 in the Faculty of Arts, 242 in Agriculture, 36 in Law, 16 in Engineering, 66 in Pharmacy, 77 in Teachers' classes, etc. Educational incidents of the year included the continued success of Regina College, a co-educational, residential school under Methodist auspices, but open to all and with Rev. Dr. E. W. Stapleford as Principal; permission given by the United Lutheran Church of the United States (Oct. 24) to the Lutheran College at Saskatoon to raise $50,000 under Church auspices; the attendance of 55 boys at the Campion (Catholic) College, Regina, and the purchase of a new site with plans for a building to cost $100,000; the gradual progress of Emmanuel College (Anglican) at Saskatoon, with 18 students and the appointment of Rev. L. H. C. Hopkins, M.A., B.D., as Acting Principal.

The Stewart Government in Alberta: Administration and Legislation of 1920.

Alberta had a year of distinct progress with clearing political allignments. The Liberal Government had a majority in the Legislature of 10 over all comers, but the Conservatives were larger in number than elsewhere in the West and totalled 18; there was only one U. F. O. representative but the future of the Government lay in the hands of those behind that one member and the Legislature was running into its fourth year. The tenure of His Honour Dr. R. G. Brett as Lieut.-Governor expired in October, but in December he was re-appointed for a five-year term.

One of the first incidents of the year was an address by the Hon. Charles Stewart, Provincial Premier, to the Edmonton Canadian Club (Jan. 13) in which he made this reference to the Farmers' movement: "There is a large, representative, class of people in our Province to which I have always thought myself allied, who have recently formed an organization confined to themselves. This is the agricultural class and their class party is the outcome of unrest. . . . The old partisan classes have no longer their power in this country. No longer will the people stand for partisanship in politics. I have not the slightest bit of faith that class organization of any kind will ultimately be a success." He urged "State control and possibly State ownership" of the Coal industry, while Alex. Ross, M.L.A., followed with an appeal for Industrial democracy—"which means the right of labour to govern industry."

At Calgary, on the 16th, Mr. Stewart promised a Commission to try and deal with the pressing coal question, to get together representatives of all interests, and to create a real understanding among the miners, operators and railways. As to rumours about himself and the United Farmers, he said: "I never did and never will have any desire to form a coalition with anybody except with men who think the same as I do. To have a strong Government, the leader must be surrounded by men of similar policies and opinions." On Jan. 26 the Premier told a deputation of Provincial Mayors, led by W. D. L. Hardie of Lethbridge, that he was not favourable to the Dominion Housing grant in which Alberta's share would be $1,500,000; it was his judgment that the amount involved would do little more than embark the Province upon a scheme from which it would, later, find it difficult to withdraw: "Increased tax levies in every city and municipality are almost certain this year and it is doubtful if new borrowing schemes will be supported."

On the same day a delegation from the Alberta Federation of Labour, led by F. Wheatley, President, asked Mr. Stewart and his Ministers for amendments to the Health and Mines Act looking to betterment of the workers' general condition; for housing legislation to relieve the shortage and for a 44-hour week and one day's rest in seven; for proportional representation and grouped constituencies and absentee voting; for legalizing of the practice of chiropractors, for free treatment of workmen in Sanitaria and for a maximum 8-hour day in mines; for compulsory school attendance to the age of 18 and for all school supplies, with medical, surgical, dental and optical treatment, to be supplied free to school children. The Premier was not very definite as to some of these matters. He was, however, opposed to the Dominion Housing scheme and did not think it feasible for the Government to directly loan money to the people; while such a proposition might be necessary in crowded cities and in older countries, he could not see that it was at all necessary in Alberta. As to the 44-hour week proposal, he stated that the Dominion would probably deal with this question; the desired Election Act with proportional representation would not be introduced this year.

The Railway question, always acute in this Province of vast distances, had a pronounced development during the year. The Alberta and Great Waterways Railway had been projected to reach the Athabasca River at Fort McMurray and connect, in part, the great Northland with Edmonton; it faced serious financial difficulties during the year and on July 28 the announcement was made that possession and control of the Railway had been formally taken by the Provincial Government and a new Company formed with Mr. Premier Stewart as President, 4 other Ministers as Directors, and N. L. Harvey, Deputy Minister of Railways, as Secretary of the Board. The Premier explained that, although control of the A. and G. W. had not been obtained by foreclosure proceedings, the Government had secured a proper transfer of stock and would exercise full control over the system both in operation and extension—with an option given to J. D. McArthur for the re-purchase of the system at any time during the next seven years upon payment to the Province for all expenditures incurred. The amount of the Province's indirect liabilities in this respect was about $7,000,000.

Later, it was said that the farthest portion of the Line was in a better condition than expected and, in September, arrangements were made with the Northern Construction Co., of Vancouver, to do the work still required to put the Northern division into good running order. Of the total of 273 miles of line from Edmonton to the end of steel, the first division comprised 114 miles to Lac La Biche, which the Government would operate directly, and 159 miles from Lac La Biche to the end of steel which was turned over, as the second division, to the Construction Company—of which A. R. Mann, of Vancouver, was President. Construction, operation and maintenance were included in the contract. During the winter Session of the Legislature there was much discussion as to this A. and G. W. Line and the Edmonton, Dungevan and British Columbia Railway—the latter reaching Grande Prairie and the Peace River country with, at times in the year, trains packed with settlers and goods. Both the railways, and the Railway troubles of this time, were products of a combination between the J. D. McArthur interests and Government subsidies or guarantees of years past; endless friction and political controversy had resulted and financial difficulty had now developed as well; at this stage the Province was responsible for more than $10,000,000 of guaranteed bonds sold, a direct loan of $2,000,000 and several millions in other obligations.

The Railways at the beginning of the year were financially in difficulties and the E. D. and B. C. was practically moribund, if not bankrupt, and had defaulted on its bond payments and interest; the Government did not wish to press this issue or assume control if they could help it and tried to induce the Federal Government to include these lines in the new National system. On Feb. 20 Mr. Stewart stated, as to the E. D. and B. C. Line, that the Government was still awaiting action of the Federal Government; that the Provincial authorities were prepared in the event of failure of these negotiations to appoint a receiver to operate the Railway; that any Provincial funds put into the lines under these latter conditions would go strictly toward constructional improvements and not to the owners or creditors of the lines; and that the Government did not propose to take advantage of present conditions to force Mr. McArthur to lose his equity. This the Premier believed he held to a considerable amount; according to Mr. McArthur, it was $3,500,000.

Mr. Stewart admitted that the line was not in very good condition but stated that 30,000 cattle had been transported over it from the drought areas of the south since last summer, and an immense amount of freight handled in the past few months. In the House on Feb. 23 the Premier read correspondence as to the Federal negotiations—notably a letter from Sir G. E. Foster, Acting Premier, dated Jan. 24; on April 7 a Bill was given 2nd reading which provided for assistance to guaranteed railways in default—with $100,000 for the A. and G. W. and $1,000,000 as the allotment for the E. D. and B. C.—if the Federal Government should not take them over. Mr. Stewart pointed out that the Government's responsibility was two-fold: (1) as to guaranteee of the bonds; (2) to the settlers who were in the North and were entitled to railway service. He defended the existence of the railway with the utmost vigour and declared that, even yet, the vast possibilities of this region were scarcely realized. There was no excess mileage because the line served Spirit River and Peace River as well as Grande Prairie. All the McArthur lines were, he declared, justified with the exception of the extension of the Railway north of Lac La Biche at the time of construction.

The negotiations at Ottawa fell through and the above appropriations duly passed the House. As to the latter matter the Premier had promised that this vote for improvements would only be utilized in the event of it becoming necessary to take action under Trusteeship for the bond guarantees and that no public funds would be expended until a definite agreement was reached with the E. D. and B. C., and the Union Bank, relative to the ranking of such expenditure in re-payment proceedings. Negotiations proceeded upon these points but not satisfactorily and, finally, arrangements were made with the C. P. R. to take over the management and control of the Line* and so announced on July 21. The Edmonton *Bulletin* described this as good news and there was a general feeling that it meant much for the North country. J. A. McGregor became General Manager under a new Company of which D. C. Coleman of the C. P. R. was President and Mr. Premier Stewart one of the Board of Directors. During the year the Dominion Government agreed to make re-payment for defaulted interest charges on Grand Trunk Pacific branch line bonds which had been met by the Alberta Government on two occasions.

Another important issue of the year was that of irrigation in Southern Alberta.‡ There was much discussion as to Government aid or otherwise for districts such as the country around Lethbridge which had suffered greatly in recent years from drouth and wind storms. The Dominion had done much in survey and preliminary work; the people of the districts concerned called on the Provincial Government to help in a direct way and to develop irrigation plans. These plans involved about 500 miles of waterways and an expense of probably $5,000,000 for the Lethbridge project alone and about $15,000,000 for all the plans proposed. The Dominion Government, it was understood, would provide the cash for Irrigation development on condition that the Province guaranteed the bonds. Mr. Stewart stated his alternative proposals in the Legislature on Feb. 20.

There were two Bills passed. The one dealt with the creation of Irrigation Districts, the election of a Trustee Board by each District to look after the work, the appointment of an Irrigation Council by the Government with power of control over the Board or Boards, the conditions as to issue of debentures under By-law approved by each District, the Irrigation rate imposed on owners or occupants of land. The debentures under the Act were repayable in 30 years with a sinking fund for their redemption; the bonds issued by any such District would not

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*Note—See C.P.R. division of Transportation Section.
‡Note—See, also, Irrigation division in Transportation Section.

rank as a lien in priority over existing mortgages. The other Act dealt with the Lethbridge Northern Irrigation District alone and specified the terms of a Government guarantee of two years' interest on bonds issued by the District; no specific amount was stated in the Act but the assumed basis was a Lethbridge bond issue of $5,000,000 with this Trust Fund of $600,000. The Fund was only to be used in an advance, or advances to the District, if and when its Debentures were overdue and unpaid and then only for payment of Interest.

The Government's refusal to guarantee the bonds was based upon the claim that it was the duty of the Dominion Government to guarantee or make loans to Irrigation districts because of its control over water rights, its authority over irrigation laws, and its retention of natural resources. So Mr. Marshall, Minister of Agriculture, vigorously contended on April 8. Mr. Boyle, Attorney-General, pointed out on this date that the Government had created a Fund for $600,000 to take care of possible default of interest on the bonds for any two years in the lifetime of the bonds and had made the bonds a first lien on all the lands within the district. Difficulties developed after the passage of these Acts; the Northern Irrigation project fulfilled all conditions except the obtaining of money and the promoters pleaded that the two Governments should come to some arrangement. At a large meeting in Lethbridge (June 25) the Hon. C. R. Mitchell for the Province refused the request for an advance of funds sufficient to start operations and stated that the Government would not go beyond the Acts of the last Session; the 14th Convention of the Western Canada Irrigation Association at the same city on July 28 pressed the Government to take action but without success; no further decision or Government action was taken during the year.

The important business of the Department of Agriculture continued during this year to be in the hands of the Hon. Duncan Marshall and his Report for 1919 with his policy in general touched 65 per cent. of the population of the Province. The Report reflected vigorous work during the year in the Live-Stock Commissioner's Branch, the Dairy Commissioner's and that of the Provincial Veterinarian, the College of Agriculture, the Schools of Agriculture, the Demonstration Farms, the Seed and Weed Branch, the Provincial Fairs and Institutes, Women's Institutes, the Provincial Poultry Branch and that of Brands, the Game and Fire Guardian, the Crop Statistician, and Publicity Commissioner. All these officials had carried on energetically and continued to do so during 1920; their reports would fill a large volume of statistical data. During the winter lack of feed in isolated districts, owing to exceptional climatic conditions, swept away about 7,000 head of cattle out of 1,584,000 head which were reported in 1919, but this loss was grossly exaggerated abroad; in Toronto, on May 6, Hon. Mr. Marshall stated that, while their cattle had decreased considerably, it had come about through sales, and those left would be the pick of the herds and would raise the general standard of cattle produced. Conditions now were very favourable, with more moisture in the earth than he had seen in 15 years in the West.

Regarding the Seed Grain policy of the Government, the Minister told the Legislature on Mch 5 that Provincial obligations for these loans, within and without organized municipalities, would aggregate in the neighbourhood of $4,000,000 by the time seeding was completed. At this time there were outstanding loans of $1,694,000 over the whole Province. There were, also, about $850,000 in loans advanced for seed grain by the Dominion Government, but this represented a reduction from a total of $3,400,000, which had been so advanced since 1915. In the Summer Mr. Marshall went to Great Britain where he spent six weeks among the herds and flocks and studs of that country and in studying conditions generally; he also bought some fine breeding stock in sheep and cattle. Whenever possible during the year the Minister urged freer trade and lower tariffs; in Eastern Canada and in England he urged a repeal of the British Cattle embargo. At Calgary on Dec. 15 he told the Canada Live Stock Union, in connection with freight rates, that "the Canadian Railway Commission, originally formed for the protection of the interests of the people of Canada, now consists, in part, of men who care nothing for the interests of the people."

The Hon. A. G. MacKay, as Minister of Health, continued his vigorous policy. Speaking at Calgary (Feb. 16) he dealt with the efforts of his Department to reduce the death rate in maternity cases, caused by isolation, to guard the health of school children through inspection by Health nurses, to enforce sanitary regulations by Inspectors and through prosecution, to check tuberculosis of which there were more than 3,000 cases in the Province, to deal with venereal diseases by special Clinics. The Minister had done much by legislation and Government aid in the construction of Municipal Hospitals and that of Vermilion was opened on Feb. 25; his Department during the Session received votes of $440,025 on ordinary account and $50,000 on capital account, with $197,000 of Hospital expenditure approved. In the Legislature (Mch. 28) Mr. MacKay stated the Government's intention to put on four special health nurses; to make a survey of the Province for tubercular patients with accommodation available in the Keith Sanitarium for 75 who would be chosen from those needing services the most; to meet other requirements, tent shacks would be established in the vicinity of Hospitals; the grant to Hospitals would be increased during the current year from 25 cents per patient *per diem* to 50 cents per patient.

The sudden death of this Minister in the Hospital at Edmonton on April 24 was a loss to the Government and the Province; he had been well-known in Ontario during years gone by as the Liberal leader in its Legislature. In Alberta he was looked upon at this time as a distinct possibility for the Premiership. The Hon. C. R. Mitchell, Provincial Treasurer, was on April 30 assigned the duties of the Minister of Health and that of Municipal Affairs, in addition to his own. By this time, and under the Provincial Hospitals Act, ten municipal hospitals providing accommodation of 192 beds, had been authorized by the ratepayers of various districts throughout the Province. Of these hospitals eight were in operation—at Mannville, Vermilion, Drumheller, Cardston, Islay, Bassano, Onoway and Lloydminster. The accommodation was taxed to the limit, in two places homes were being built for nurses and during 1920 four Hospital districts were established. In this connection, were some expressions of opinion in favour of an 8-hour day for nurses. At the Convention of Alberta Registered Nurses in Calgary on Oct. 21 Dr. Brett, Lieut.-Governor, told the delegates that such a demand, in training or on private work, tended to commercialize the profession. If they insisted upon such hours they were getting right down to trades unionism and forgetting that they were trained for the service of humanity in its direct needs.

Mr. MacKay's last Report as Minister of Municipal Affairs was dated Mch. 3rd, 1920, for the year 1919; in it the new Deputy Minister, J. H. Lamb, stated that the Department levied and collected taxes for 195 improvement districts, of which 44 were said to have assessable areas warranting Municipal organization; the amount of levy on Municipalities was $2,506,466 and the total of collections was $2,098,590. The first Report of Mr. Mitchell for the year 1920 described the period as a normal one. No new municipal districts were organized and one was disorganized and one town and four villages were organized. The number of municipalities at the end of 1920 was: Cities, 6; towns, 52; villages, 117; municipal districts, 167. The receipts of the Department were $1,117,272; the taxes collected totalled $2,865,706.

The Assessment Equalization Board appointed on April 29 of this year, with J. H. Lamb (Chairman), A. J. H. Donahoe, W. J. Jackman, W. D. Spence and S. B. Ferris as members, reported preliminary work in visiting the urban municipalities and searching records of assessment and values. The Municipal Finances Commission (appointed in 1919) and composed of three Judges—Hon. Horace Harvey, Hon. J. D. Hyndman and Hon. N. D. Beck—with H. M. E. Evans, reported various applications and reccommendations in relation to the financial difficulties of certain towns. A Government administrator was advised for Athabasca; proposals for Wainwright and Wetaskiwin were accepted by bond-holders and approved by Government; matters in Taber and Blairmore were arranged without formal action; Macleod and Tofield were in the hands of the bond-holders for assent to arrangements. H. Milton Martin, Commissioner under the Subdivided Properties Act, reported at length as to various municipalities.

The Budget speech for 1920 was delivered by Hon. Mr. Mitchell on Mch. 16 with a Revenue for the year of Dec. 31, 1919, totalling $9,642,739 and Expenditures of $9,525,748. For 1920 the Minister estimated revenues of $10.582,602 and expenditures of $10,555,507. The Assets of the Province were placed at a total of $138,340,082 of which the chief items were Public buildings, bridges and roads valued at $14,911,630; Telephone plant, etc., $11,394,588; Loans to United Grain Growers', Ltd., Central Canada Railway Co., Lacombe and N. W. Railway, $1,567,042; Deposits, etc., with Dominion Government $19,712,820; unsold school lands held by Dominion Government and valued at $83.146,428. The total bonded Debt on Dec. 31, 1919, was $34,635,200 less $980 623 Sinking Fund and including $16,000,000 in remunerative investments.

The Minister was not prepared to put the Farm Loan Act in operation: "To make loans at 6 per cent. and 6½ per cent., it is necessary to obtain money at or near 5 per cent. To secure this money in adequate amounts at these rates is impossible at the present time." But the Government had not neglected agricultural interests and, up to Dec. 31, 1919, the farmers had been enabled to borrow at rates of interest, varying from 5 per cent. to 7 per cent., a total of $4,363,143 for specific purposes approved by the Legislature.

The Revenue for 1920, as finally published, was $10,919,776 which included $2,313.103 received from Dominion subsidies and interest and $1,913,913 from Telephones. The Expenditures were $10 423,356 including the following items: Public Debt, $1,568,106; Government and legislation $811,568; administration of Justice, $1,405,510 and Public Works $1,608,231; Education $1,785,163 and Agriculture $544,256; Telephones $1,879,303. The net bonded Debt on Jan. 31, 1920, was $40,758,740. In May $3,000 000 of Alberta bonds were sold in Toronto at $101.57, netting 5·40 per cent.; of this $2,000,000 was for Telephone construction. The sale of Provincial savings certificates continued during the year. It had originated in 1917 under the Sifton Administration and the legislation was the work of W. V. Newson, Deputy Provincial Treasurer. These 5 per cent. savings certificates had proved increasingly popular, with a sale of $366,696 in 1917, $637,473 in 1918, $632,437 in 1919, and $741,508 in six months of 1920. On May 1st, in addition to the sale mentioned above, 10-year 6 per cent. bonds for $489,700 were issued and sold; on Aug. 16 the Treasurer issued and sold in Toronto $2,000,000 10-year, 6 per cent. Alberta gold bonds at $96.58; on Nov. 1st he sold $1,000,000 of similar bonds in Montreal at a fraction over 100.

The Minister of Public Works (Hon. A. J. McLean) in his Report for 1919 showed much work and construction. In the Highways Branch 215 bridges had been constructed and 125 repaired. Final location was made and the route established in connection with several of the main highways—notably those from Athabasca, through Edmonton, Calgary and Lethbridge to Coutts on the International boundary; from Walsh through Lethbridge to the Crow's Nest Pass; from Medicine Hat through Calgary to Banff; from Lacombe to Compeer, and from Edmonton to Lloydminster on the Saskatchewan boundary. Work was done on many other roads. The Mines Branch reported 5,022,412 tons of coal mined in 1919 or 1,126,208 less than in 1918—due to a large amount carried over. In the Highway connection, Hon. Mr. Mitchell stated at Red Deer, to an automobile gathering (July 21) that Alberta compared favourably with other Provinces; there had been a start made on a road programme and four millions of dollars had been spent. With the soil conditions in Alberta, and the long hauls to be made in getting gravel, it was obvious that a large programme must take time and money and population to complete. To his audience he added: "You are too impatient and want everything hand made, and are not content to do the pioneer work."

The Report of the Telephone Department under Mr. Premier Stewart showed for 1919 that after setting aside the sum of $250,000 for a depreciation reserve, spending $314,311 in maintenance work and meeting an expenditure of $742,361 in operating charges, the Department had net earnings of $524,695. From these net earnings, however, heavy fixed charges were deducted—interest amounting to $462,062, sinking fund $51,001 and contingencies $4,158, leaving a surplus of $7,473 out of a total earned revenue of $1,821,368. At this time (Mch. 25) the Legislature received an elaborate report from J. G. Wray, a Telephone expert of Chicago, reviewing the whole Provincial situation, after 15 months of enquiry, and recommending the following rate increases: Toll rates, 25 per cent.; exchange rates, 20 per cent.; rural rates, 100 per cent. The alternative proposal was the imposition of a rural tax of $8.00 per annum against each quarter-section within 300 feet of a rural telephone line. He stated the reproduction cost of the plant to-day as 70 per cent. higher than the book valuation, or in round figures $16,073,694. In the House, on May 27, Mr. Stewart stated there would be no increase of rates in 1920 but a $4,000,000 capital expenditure on improvements and extensions. As a result of this policy, N. L. Harvey, Deputy Minister, stated on Nov. 25 that the close of the year would see another 6,500 miles of pole-line added to the Telephone system of Alberta, with about 16,000 miles of new wire lines available for toll and rural service.

Incidents of the year included the interesting Reports of work done by A. M. McDonald, Superintendent of Neglected Children under the Hon. J. R. Boyle as Attorney-General, and showing 1,227 children cared for during 1919 and 1,286 in 1920; the administration of the new Mothers' Allowance Act showing 244 mothers and 766 children assisted to the end of 1919 at a cost of $9,938 and 493 Mothers and 1,502 children in 1920 at a cost of $16,111; the decision of the Supreme Court of Alberta (Feb. 12) declaring that the Public Utilities Commission of the Province had no power to increase the rates charged by the Alberta National Gas Co. of Edmonton to consumers within its municipality and beyond the maximum contractually fixed in terms upon which the municipality had granted the franchise to the Company; the denunciation by William Toole, President, Calgary Board of Trade, on Jan. 13, of hasty and so-called advanced legislation which, he declared, had worked a serious injury to the Province, had kept much capital from coming into the country and been the means of several large Loaning institutions curtailing their investments and in some cases, withdrawing altogether, while preventing private as well as company capital from extending into the newer districts where funds were urgently needed.

Direct protests from Mortgage and Loan interests as to recent legislation affecting the personal covenant clause in the Mortgage Act of the Province, as being likely to cause restriction of loans evoked, on Feb. 3rd, a reply from the Attorney-General (Mr. Boyle) in which he absolutely denied the inference: "There is no Province, State or country in the world where the personal covenant of the Mortgagor to repay the money loaned and secured by mortgage is more binding and valid than in Alberta." Under the changes made the law required merely that the mortgagee should realize first upon the lands included in the mortgage and then upon the debtor's other assets for any deficiency. On Oct. 5th Mr. Mitchell, Provincial Treasurer, stated that there were 10 Co-operative rural credit Societies in operation in the Province; an Order-in-Council closed all private employment agencies after July 1st and on April 30, the Mines Branch of the Department of Public Works was transferred to the Department of the Provincial Secretary under Hon. J. L. Coté.

Other incidents included the Report of W. G. Bryan, Superintendent of the Alberta Provincial Police, as to the work of 9 officers and 151 men with 5,400 cases disposed of in 1919 and convictions secured in 82 per cent. with, also, 3,000 cases investigated which did not come to trial and all in a region larger than Germany; the closing up by the Government in May of control over the Alberta Returned Soldiers' Commission and the turning over of its duties to the Provincial command of the G.W.V.A. at Calgary; the statement by Commissioner J. A. Kinney of the Workmen's Compensation Board (May 25) that there were over 35,000 workers under the Act with, in 1919, $94,216 expended in claims—1,594 claims receiving compensation and 708 disposed of with total assessments of $356,174; the loss by the Province under decision of Mr. Justice Hyndman (Aug. 5) of its case for $339.524 against the Canadian National Railways for taxation on certain railway lines with appeal promptly announced; the election (June 3) of George Mills (Lib.) by a large majority over J. K. Cornwall (Ind.) in Athabasca—the seat vacated by death of Hon. A. G. MacKay.

A new position was taken by the Alberta Government in 1920 as to its natural resources and the Dominion Government. In December Messrs. Stewart, Mitchell and Boyle went East and submitted to the Federal authorities the statement that Alberta would be quite willing to pay back to the Dominion all that it had received in the way of subsidies and grants if the Dominion would give an accounting for and payment of all it had taken from the Province during its control of the lands. The Attorney-General stated to the press on Dec. 16 that: "The Government of Alberta decided that we should put our claim on the basis that this Province should have received its resources in 1905. Our proposal, therefore, was that the balance of the resources still held by the Crown, and all deferred revenues therefrom should be turned over at once to the Province, and the subsidy which was originally provided to the Province in lieu of land be cancelled. That insofar as the past is concerned, the Dominion should account for the revenues received for the resources since 1905, and be entitled to offset against this the subsidies paid to the Province under the heading 'in lieu of lands'."

Legislation of 1920 in Alberta; Agriculture and Production of the Year.

The 3rd Session of the 4th Legislature of Alberta was opened on Feb. 17 by Lieut.-Governor R. G. Brett with a Speech from the Throne which referred to the 1919 visit of the Prince of Wales and the fact that he had "established a residence in the Province" and mentioned, also, the recent visit of H.E. the Duke of Devonshire; stated that the late rains had saved the crops when "on the verge of disaster" but that some districts had suffered greatly; described the Province as, however, prosperous in many ways—especially in dairy and poultry and in products other than grain which had increased in value and quality beyond all anticipation; promised Irrigation, health and educational legislation and described the revenue as ample.

Charles S. Pingle, member for Radcliffe since 1913, was elected Speaker in place of the late Hon. C. W. Fisher and the Address was moved by J. S. McCallum of Vegreville and Major R. B. Eaton and passed on the 25th without division. Meanwhile, at a Conservative caucus on the 19th, James Ramsey of Edmonton was elected House leader of the party for the Session in place of George Hoadley who had acted for the past two years. Mr. Ramsey took the line of business-like consideration of the Government's legislation, did not use politics in the ordinary sense and approved or disapproved its measures as seemed right. A good deal of legislation was passed. The Domestic Animals Act consolidated various laws and ordinances and abolished the Herd law; amendments to the Co-operative Credit Societies Act included one providing that the rate of interest payable by the borrower on a loan guaranteed by a Society was not to exceed 7½ per cent. per annum, and out of the interest paid, one-half of one per cent. was to be paid to the Society for the purposes specified in the Act; an Act respecting Sub-divisions was amended so that permission of the Public Utilities Board must be obtained before any sub-division could be registered in the Land Titles Office and placed on the market. An Act to amend the Tax Recovery Act gave power to Municipal councils to sell, lease or otherwise deal with forfeited lands without the approval of the Minister, and the Minister was given equally wide powers to deal with forfeited lands in Improvement districts.

Other measures (1) enabled Medicine Hat to collect 10 per cent. per month of the rental value of residences as taxes and to institute a $10 per head poll tax; (2) organized the Association of Professional Engineers of Alberta, with rules for conduct, and examinations to be conducted by Senate of Alberta University; (3) enabled the city of Calgary to collect taxes on motor trucks and fixed the Board of Public Utilities as the body to arbitrate land expropriation proceedings; (4) enlarged the Act under which Irrigation districts could be formed with further regulations respecting elections of trustees, formation of districts, etc.; (5) gave the Province extensive powers in the administration of Lunatics' estates; (6) extended the powers of Improvement districts to taxation for hospitals, making changes in road allowances, and adjusting hospital claims with other districts; (7) changed the Prairie chicken shooting season to the last two weeks in October, prohibited trapping or taking of muskrats south of North Saskatchewan River, provided $5 annual license for fur buyers and exporters; (8) placed the Supplementary Revenue Tax on a mill rate basis throughout the Province, fixed the rate for 1920 at 2 mills and established a Board of Equalization; (9) amended the Workmen's Compensation Act by removing the limitation for total monthly payments to widows of workmen, increasing the schedule of payments and enabling all classes of employers to bring themselves under the Act on due notice to employees, but exempting farmers from the latter provision; (10) abolished the Edmonton Police Commission and authorized the Commissioner of Provincial Police to borrow constables from cities or towns in emergencies subject to consent of local authorities.

Amendments to School Ordinances, Assessment ordinances, and School Attendance Act covered adjustment of technical training courses and the obtaining of Federal grants re Technical Education with provision for flag-raising days in all schools and increasing penalties for non-attendance at school; the Medical Profession Act was changed so that applicants for admission to practice any cult of healing could be examined by a Special Board after passing the regular examinations under control of the University Senate; nurses from hospitals in other Provinces and States, approved by the Provincial organization, were allowed to practice without new examination in Alberta; the Municipal Hospitals Act was amended to facilitate formation of hospital districts and the Government Telephone Department was authorized to purchase the Red Deer Telephone system for $85,000. An important Revenue Act authorized the raising of $7,250,000 on credit of the Province with $4,000,000 of this for Telephone extensions; the Sessional indemnity of members was increased from $1,500 to $2,000; powers of the Special Board appointed to amelorate the financial conditions in municipalities were increased so that the Board had wide latitude in compelling municipalities applying for aid to enforce taxation and straighten up finances.

An Act providing for creation of Water-users' districts in Irrigation districts and to govern distribution of water within such districts was passed and another providing for the grant of $1,000,000 for immediate improvements in the E. D. and B. C. Railway under specific conditions. Other measures authorized further advances for purchase of seed grain and securities for re-payment; advances for purchases of feed and assistance to farmers in drought areas with securities for repayment; municipal districts to borrow money on Government guarantee in order to supply seed grain to settlers. Provision was made for equal parental rights over children, and legislation was passed enabling mortgagees through sanction of the Courts to obtain judgment on unsecured assets of a mortgagor when it could be shown that such assets were likely to be disposed of before the mortgaged premises could be realized upon. There was no defined opposition to the measure, but there was financial criticism from without as to the position of the personal covenant under these conditions.

Incidents of the Session included the claim of Brig.-Gen. J. S. Stewart (Feb. 24) that Hon. Wilfrid Gariepy, long a member of the Government, had forfeited the right to sit in the House because of taking up permanent residence in Quebec, the defeat on Mch. 5 of a motion to refer this matter for decision to the Committee on Privileges and Elections and acceptance of Hon. Mr. Boyle's amendment, by 26 to 16, that the Legislature had no right to over-ride the Courts in interpreting the Statutes of the Province; the statement by Hon. Mr. MacKay (Feb. 25) that the total Municipal arrears of Taxes in the Province were $16,726,714; the refusal of 2nd reading to a private Bill (J. G. Turgeon), creating a Chiropractic Board for the Province, by 26 to 19 and the defeat on Mch. 4 of W. M. Davidson's Resolution in favour of the abolition of the Dominion Senate. The Legislature was prorogued by His Honour, Dr. Brett, on April 10.

Production of Alberta in 1920. The Province had one of its greatest years in 1920 despite trouble with its cattle and with wheat in a portion of the Southern territory. Provincial statistics for 1918 gave the figures of field crops as $122 082,800 and in 1919 as $155,808 750; Federal figures for 1920 gave the total value as $204,291 000. Added to this should be an average product of $50 000 000 for animals slaughtered and sold during the year and $30,000,000 for Dairy products; with an estimated $80,000,000 production from manufactures and $20 000 000 from coal the realized wealth of the Province in this year was well over $400,000 000. Despite the fall in prices, the increased production of wheat from 34,575,000 bushels in 1919 to 83,461 000 bushels in 1920 and of oats from 65,725,000 bushels to 115,091,000 bushels, kept the average returns well up. Yet the population at this time was less than 600,000 with 7,600,000 acres under cultivation out of 105,000,000 acres available!

The Dairy industry at this time ranked third amongst Canadian Provinces; the people in 1920 owned 36,515 motor cars, 1,000 motor trucks and 500 motor cycles with a large proportion of the passenger cars owned by farmers; in a great Creamery exhibit at the Manitoba Dairymen's Convention of February, Alberta secured first, second and third prizes; in July, Alberta-bred Percherons won first, second and third prizes at the greatest Live Stock exhibition in the world—the Royal Show of London, England. An Alberta incident of the year was the acquisition by the Earl of Minto of a 4,000-acre ranch near High River and his stated intention of supervising operations during a part of each year. The Province had its difficulties, also, in 1920. On June 8 the Southern section suffered from the worst windstorm that perhaps had ever effected this region, demolished its crops and again proved the need of Irrigation.

In the Lethbridge ranching area there was, also, a depletion in cattle stocks owing to the shortage of feed in the 1919-20 season and the sale or shipment, or total loss, of a large number of cattle with the actual destruction of about 7,000 head. As one result, too many calves and breeding cattle were exported. The number of hogs also decreased considerably with the high cost of feed as the chief reason given. As a matter of Federal statistics, horses decreased in number between 1919 and 1920 by 58,529, cattle by 228,103 and swine by 159,302 while sheep increased by 18,926. In values, horses decreased $15,888,000, cattle by $35,841,000, sheep by $1,270,000, swine by $5,988,000. In total numbers the decrease was from 3,194,780 to 2,767,772 and in total values from $196,289,000 to $137,302,000. The Federal figures of field production in 1920 were as follows—exclusive of peas, beans and mixed grains valued at $406,000, fall wheat at $1,084,000 and Fodder Corn at $585,000:

Field Crops	Area; Acres	Yield per Acre.	Total Yield Bush.	Average Price Per Bush.	Total Value
Spring Wheat ...	4,036,483	20·50	82,748.000	$1.52	$125,777,000
Oats	3,089.700	37·25	115,091,000	.36	41,433,000
Barley	480,699	26·50	12,739,000	.62	7,898,000
Rye	160,960	21·25	3,420.000	1.25	4,275,000
Flaxseed	103,700	7·00	726,000	1.83	1,329,000
Potatoes	43,000	166·00	7,138,000	1.00	7,138,000
Turnips, Mangolds	12,300	261·75	3,219,500	1.00	3,219,500
		Tons	Tons	Per ton	
Hay and Clover..	383,527	1·30	498,600	20.00	9,972,000
Alfalfa	19,906	2·25	44,800	24.00	1,075,000

Alberta in its varied forms of coal—chiefly and popularly called lignite but in reality varying greatly in quality and character—claimed to have 85 per cent. of the coal area of Canada; it had the largest gas fields of the continent with plentiful supplies of timber for fuel and commercial purposes; its lakes were heavily stocked in fish and it had great possibilities in oil production, immense quantities of salt and tar-sands and the most productive fur-bearing grounds in Canada. The Alberta production of coal in 1919 was 4,964,535 short tons valued at $18,294,495; its estimated product in 1920 was 7,000,000 tons. The Hon. J. L. Coté, Provincial Minister of Mines, said with truth on July 27 that "with a correct and equal distribution which could be brought about by the summer storage of coal, all Alberta mines could be kept working for 12 months of the year with an enormously increased output." The coal actually underlay an area of 52,000 square miles of which at least half was available for mining. During the summer months of 1920 the Alberta Government carried on an advertising campaign in Saskatchewan and Manitoba newspapers urging the advantage of Alberta coal and impressing upon the public the advantages of an early winter's supply, with a result seen in the steadily growing export which might have been larger had the coal been shipped in better condition. The Government also had Prof. A. J. Allen of the University of Alberta carrying on a careful investigation into the nature of these vast resources; there were 275 mines in the Province at this time employing over 12,000 men. Before the Tariff Commission, W. F. McNeill of the Coal Operators' Association stated that "while the coal-mining industry in Alberta is only in its infancy the mines now in operation are capable of producing 12,000,000 tons per year with their present development, equipment and plant." Incidents of production may be briefly summarized:

Jan. 1. The Commission of Conservation estimate of Alberta water-powers was 450,000 h.-p. with 33,000 h.-p. under development.

Sept. 17. Charles Pratt, Chairman of the Medicine Hat Manufacturers' Association, estimated before the Tariff Commission that Alberta's manufacturing plants numbered 1,584, that its invested industrial capital was $70,000 000 and employees 15,000. The 1918 Census figures showed a capital of $61,405,933 and production of $82,434,422.

Sept. 30. An interview was given at Peace River Crossing, Alberta, to the Toronto *Globe* by Sheridan Lawrence, a 30-year pioneer of the Peace River country and one of its biggest farmers. At his farm near Fort Vermilion he stated that 200 acres, averaging about 25 bushels of wheat to the acre, was ready for harvesting; that he would keep 300 head of cattle during the coming winter; that "we live in a great stock country—a country that will produce, year in and year out, enormous quantities of grain and hay and roots. Our trouble is transportation and if we could get some way of shipping out our products expeditiously this North country would become one of the finest mixed-farming areas in the Dominion of Canada."

Dec. 25. The Christmas number of the Peace River *Standard* described the growing pioneer life of this great northern region of Canada and Alberta. The town itself was about 350 miles north of Edmonton and large steamers went up the Peace River for 300 miles to Hudson's Hope, B.C., and down the same great waterway for an equal distance to Fort Vermilion, Alberta; the pages of the *Standard* teemed with the records of bustling activities and the varied production of this vast new country.

Dec. 31. The value of Mineral production in 1920 was $33,721,898 (Federal figures) compared with $21,087,582 in 1919.

Prohibition Policy in Alberta; Educational Conditions During the Year.

The Liquor Act operating in Alberta at the beginning of 1920 was passed in 1916 as the result of a Direct Legislation petition representing 8 per cent. of the vote polled at the preceding Election in 90 per cent. of the constituencies; it forbade the sale of liquor within the Province except for medicinal, sacramental or industrial purposes with, also, a restriction upon the amount held by an individual under importation. Despite this prohibitory enactment, there was a good deal of liquor-selling and drinking in the Province. It was claimed by critics of the Government that two out of every 100 men in Alberta were convicted during 1919 for violation of the Liquor laws; according to the figures of the Attorney-General's Department, published on Jan. 27, there were 2,019 convictions with aggregate fines of $66,000.

The Act forbade consumers from importing for their own use more than one bottle at a time, a restriction peculiar to Alberta, but there was full freedom to import in quantities for the purpose of re-selling to consumers outside the Province. The Dominion Order-in-Council, under the War Measures Act, had put an end to this condition but, with the revocation of the Order on Jan. 1st, 1920, the warehouses began to fill up once more. The problem of "short-circuiting" appeared here as in other Provinces. Could the Calgary Brewing Company fill direct, an order from Medicine Hat if that order were sent by way of Maple Creek, Saskatchewan? It was determined by the Government officials that the liquor must be sent out of the Province, if only for a few feet, before being shipped to an Alberta consignee. An odd situation arose in Lloydminster, where the inter-Provincial boundary line ran down the main street of the town; there a carload of beer could be switched for a few moments outside Alberta and immediately brought back and delivered to the purchaser.

On Mch. 2nd Hon. J. R. Boyle, Attorney-General, presented to the Legislature elaborate figures as to the operation of the Prohibitory law. The Act of 1916 had many excellent results: "It had the immediate effect of closing the bars, prohibiting the public sale and drinking of liquor. Its effect was undoubtedly to reduce the amount of liquor purchased and consumed and it produced a good influence in the sobriety and conduct of the people." The Government had carried amendments improving its operation but the Dominion abolition of inter-Provincial shipments for a time, and then the switching back to old conditions, had confused matters. It may be added that the Alberta Social Service League supported this view and declared that during these years a great change had taken place—the story of a Province where drunkenness had ceased, where children were better fed and clothed, where crime had lessened, where poverty and bad debts were almost unknown, and where savings accounts had increased. The average population of two Provincial gaols had decreased from 393 to 221 and of the Penitentiary from 192 to 139 while convictions for drunkenness were 5,710 in 1914 and 825 in 1918.

Mr. Boyle's speech also showed the other side. In 1915 there was a total of 321 hotels, clubs and wholesale houses entitled to sell liquor; in 1919 there were 498 physicians entitled to dispense prescriptions for a charge, 224 druggists and 10 persons who could sell liquor for specified purposes. Despite all the efforts of the Provincial Police, the Minister did not believe that half of the bootleggers engaged in the illicit peddling of liquor had been captured, or more than 10 per cent. of the illicit stills seized. The Government, he stated, had in 1919 sold liquor to the value of $958,993 at Calgary and $794,941 through the Edmonton vendor, a total of $1,753,935. The Government's profits on the sale for the year totalled $580,474. but Mr. Boyle emphasized the point that it cost more than $500,000 a year to maintain the Provincial Police force and that most of its time was taken up in enforcement of the Act.

In addition to these legal profits, Mr. Boyle estimated that bootleggers had cleaned up $2,000,000 in the year and illicit-still proprietors $1,500,000 more. He presented a Resolution asking for the Federal Referendum on importation of liquors and added: "If this Prohibition is adopted, it puts the Legislature in an authoritative position to pass laws of absolute prohibition and thus reduce the liquor sold to a minimum." On Mch. 22 it was announced that the Government would await the result of the Referendum before introducing amendments to "tighten up" the Provincial Liquor Act. Efforts were made by the Opposition in the House to compel a change of attitude in this respect, but the Government stood firm and was sustained on Mch. 30 by a vote of 31 to 16. On the 25th Mr. Premier Stewart had stated that: "I do not want to be classed with intolerant persons. I believe in giving the other man a chance to say what he wants, and I say to those who want liquor as a beverage, and to continue importation of liquor, to vote for it."

The Government, towards the end of May, 1920, made a strong effort to prevent heavy importations of liquor by instructing the Dominion Express Co. not to deliver or accept shipments and by passing the Liquor Export Act, which provided that liquor received for export could be kept only in a Dominion Government bonded warehouse. An action was at once brought against the Dominion Express Co. by the Gold Seal Liquor Co. of Calgary, to compel acceptance of liquor for export from Alberta to British Columbia—the object of the litigation being to test the constitutionality of the above Act, and the case was argued before the Appellate Division of the Supreme court of Alberta on June 16. A. H. Clarke, K.C., appeared for the Government and contended that the power to restrict liquor traffic within the Province was within the jurisdiction of the Legislature and, therefore, that restriction on imports and exports was justifiable. A. A. McGillivray, K.C., for the Gold Seal Co., claimed that the legislation interfered with inter-Provincial trade, and was *ultra vires*. Judgment in favour of the Gold Seal Co. was given on June 30; the Government gave notice of appeal against the decision but, pending that appeal, the restrictions on the wholesale liquor houses were dropped.

On June 26 the Alberta Medical Council summoned 10 physicians before it for examination and possible discipline; in April the same Association had petitioned the Legislature to curtail the issue of Liquor prescriptions; in reply to a *questionnaire* sent to its members, the majority of physicians intimated that 50 prescriptions per month was a reasonable number, and that the amount obtainable should not exceed 8 ounces. The Referendum vote for Alberta was fixed for Oct. 25, and the Prohibitionists conducted a vigorous campaign. Among the speakers were Mrs. Nellie McClung, the Ven. Archdeacon Lloyd of Saskatoon, and Rev. Dr. A. S. Grant of Toronto. The Moderation League held few meetings, but concentrated its activities upon poster and newspaper publicity, and one full-page advertisement appearing in a Calgary paper was terse and frank in its argument: "Mark your ballot No and you will get your beer."

This and other arguments, even when coupled with the example of British Columbia, were, however, unavailing, for the official returns of the polling showed 63,012 votes for Prohibition of import and 44,321 votes against it, or a majority of 18,691. Only Edmonton East recorded a "wet" majority. All other constituencies, and especially the farmers, declared for the stoppage of importation. In 1915 the majority for Prohibition had been 20,500 on a total vote of 79,650—about 25 per cent.; the 1920 majority was about 17 per cent. of the total vote cast. On Nov. 5 the Provincial Presbyterian Synod at Edmonton called upon the Government to express the will of the people for a "bone-dry" Prohibition. The Calgary *Herald* (Oct. 26) declared that the result in Alberta, as in all the Western Provinces, was disappointing to Prohibitionists and that "Provincial Governments may be excused if they fail to read the result as a definite mandate for the total elimination of the traffic." Hon. Mr. Boyle pointed out on Oct. 27 that less than half those entitled to vote had done so and that the result did not promise "effective enforcement of a coercive law."

Educational Affairs in Alberta. Speaking on Jan. 9 at an Educational Conference in Edmonton, the Hon. G. P. Smith, Minister of Education, claimed that the Province had done well in the matter of Teachers' salaries and that in Ontario the average salary was $630; in Manitoba the figure was $678; while in Alberta the average worked out at $916 for 1919. To the Calgary Rotary Club on Jan. 13, Mr. Smith described what was being done for the improvement of rural education, and dwelt upon the increase in the educational vote of 40 per cent. during the past year, the establishment of consolidated schools, the encouragement offered in formation of two-room schools, the assistance being given to erect comfortable teachers' homes in the rural districts, the encouragement offered for the establishment of community centres, and the night classes for older people who wanted to learn English. In efforts to solve the teachers' problem, the Government had established a minimum wage of $840, the first and only Province to do so. Average salaries paid to rural teachers in Alberta were the highest, he stated, with the possible exception of Saskatchewan, in any Province of the Dominion.

In reference to some criticism as to the Americanized character of P. V. Meyer's *History of the World* which had been used in the High Schools, the Minister stated that editions varied and he had not seen the 1919 one: "Since reading it I will say that I intend to have the entire book in all its editions, thrown out of our schools. The author has not given us history in the 1919 edition, and we don't want that kind of book in the schools at all." The Report of the Education Department for 1919 stated that over 85 per cent. of the teachers actively engaged in Alberta during the year were trained teachers; that the Normal school course for the training of teachers had been extended from 4 to 8 months; that a movement to secure competent teachers was noticeable in the more progressive districts, and was indicated by increasing salaries and improving conditions.

One of the features of that year was the inauguration of the system of loans whereby the Government made advances to all students having the necessary qualifications and who wished to train as teachers but who were unable to meet the expense of the course. Increased grants had been given to primary education and 12 Consolidated schools established during the year.

In the Legislature on Mch. 17 Mr. Smith gave details of a proposed College for Teachers' training to be established in affiliation with the University of Alberta; amendments to the School Grants Act provided annual grants equal to 50 per cent. of the salaries of teachers in districts employing less than 30 teachers with restriction to a maximum of $1,200; the Minister stated on Mch. 22 that one of the functions of the new Institute of Technology at Calgary would be the preparation of teachers in special subjects, including Agriculture; the Department was providing a bonus for those teachers who took agricultural subjects in the special summer courses and qualified. In the House on Mch. 26 W. M. Davidson urged a minimum salary of $1,200 for rural teachers and the Minister replied that this would mean an increased expenditure of $1,500,000; when the minimum of $840 was adopted it had the effect of advancing the average rural salary in Alberta $153 a year, or nearly $500,000 annually; he explained that the current votes for the Department of Education were $1,825.090 chargeable to income and $220,000 in capital expenditure. The proposal, however, was pressed by Resolution and on Apr. 5 rejected by a large majority. The Legislature, also, refused to approve the three Provincial scholarships in Paris proposed, as in other Provinces, under arrangement with Hon. P. Roy, Canadian Commissioner in France, and the Government did not press the matter.

An important body at this period was the Alberta Teachers' Alliance which had an increase of 1,000 members during 1919. The annual Report presented at its meeting in Calgary on Apr. 6 showed a growth in membership of over 250 per cent.—a jump from 700 to 1,763. J. H. Barnett, the Secretary, urged vigorous effort for the minimum of $1,200, which was, he said, about equal to an $840 minimum in 1914 and not equal to the increases of farm labourers, miners and craftsmen in the trades. H. C. Newlands of Edmonton was elected President. At the ensuing meeting of the Alberta Educational Association (Edmonton, Apr. 7) there was objection to any alliance with Labour organizations in the effort to obtain better salaries. W. A. Hay, B.A., maintained that teachers being public servants could not be allied with any class in the community. T. E. A. Stanley, retiring President of the Teachers' Alliance, stated that there were 4,000 class-rooms in the Province and 3,000 teachers and that 1,000 of the latter would give up their work during the current year if adequate increases in salary were not given. The Minister of Education contended that if a $1,200 minimum were accorded many schools would close for lack of means to pay it.

In a Calgary speech on Apr. 11 Mr. Smith stated that the Inspectors in the Province had been increased by 50 per cent. at an extra expense of $60,000 and it was now possible to keep in direct touch with the schools and keep them operating wherever possible. The consolidation of schools was being urged and plans made for the joint operation of schools so that a small school could be closed and the taxes be used to transport the children to an adjacent school. The Department was also encouraging the policy of building two-roomed schools where there were too many children for one teacher. The building of community halls and the operation of night schools was being encouraged in the country districts. By the middle of the year an unusual and record condition was described by the Minister who, on June 22, was able to state that 75 schools in the whole Province were not operating through lack of teachers compared with 557 a year before; that out of 4,000 schools in operation, less than 300 had teachers under permits and most of these were University students; that 14 teachers' residences had been erected during 1919 with applications for 63 others in hand and building proceeding under three plans, which involved expenditures, respectively, of $1,000, $1,500, and $2,000.

At Calgary on June 28 Mr. Smith met the School Trustees of that city, Edmonton, Lethbridge and Medicine Hat, in conference and discussed the problems of the moment; on July 26 in the same city a Teachers' Convention was held and organized the Canadian Teachers' Alliance of the 4 Western Provinces and Ontario with Charles Worth, Victoria, as President. A report of Departmental examinations issued, a little later, and showing only 53 per cent. passing the tests compared with 73 per cent. in the preceding year, evoked a declaration from the Calgary *Albertan* that it was due to inefficiency of teachers; the Minister replied that it was because strict discipline, hard work, self-control and obedience were no longer the basis of real character or home instruction, and because parental discipline had become almost a memory. At the close of the year a further sale of School lands was held under Federal authority with over $2,000 000 realized; this meant the addition of $100,000 a year to the School land grant of $700,000 received from the Dominion Government.

The University of Alberta in 1920. Early in the year President H. M. Tory, D.SC., LL.D., F.R.S.C., of this institution visited a number of Canadian and American University centres—including Toronto and Montreal, Harvard and Chicago—with a view to obtaining further instructors and certain information as to equipment. Efforts were made at this time, also, to establish an Ethnological collection and a beginning was made in the purchase of the O. C. Edwards' collection covering early Western tribal conditions. The annual Convocation was held at Edmonton on May 13 with addresses by Rev. Dr. S. Bickersteth of London, the Hon. G. P. Smith, and others. Dr. Tory, in his Report, stated that this year the institution had an enrollment of 1,106 students, which was an increase of 79 per cent. over the past year and 2½ times the pre-war record. The President expressed certain important views at a Methodist Conference meeting on June 3rd: "The University is Catholic in its aspect and broad in its outlook and no man passing through it and thus coming in contact with the best thought in history, philosophy and science can ultimately divorce himself from religion. Whatsoever things are true is the motto of the University."

During the year it was sought to raise a Fund of $50,000 to establish a Memorial in honour of the 68 young men of the University who had fallen in War; it was to be used for a Memorial on the University grounds with a Fund contributing also to the cost of educating the children of deceased University soldiers and aiding in the education of returned soldier students. Speaking to the local Board of Trade (Sept. 17) Dr. Tory dealt with the value and importance of Research work; as an illustration, he cited the Tar-sands of the north and quoted the scientific estimate that a supply of hydro-carbonates could be derived from this field, alone, sufficient to last the world for 600 years. In July the University had issued a Bulletin summarizing the work of its Extension Department under the direction of A. E. Ottewell. The Department encouraged public debates in literary societies, reading circles and farmers' Associations, and furnished a digest of information on many and varied subjects of importance as discussed or dealt with during the year. Lectures were given at local centres during the year; travelling libraries were lent to any 10 responsible persons for a period of four months and, in addition, an Open Shelf was maintained from which could be borrowed for three weeks any book out of more than 2,000 titles. Lantern slides with lecture-readings were also supplied. Some of the topics dealt with in these Bulletins were as follows:

Woman Suffrage
Initiative and Referendum
Canadian Navy
Open and Closed Shop
City Government
Co-Education
Minimum Wage
Consolidated Schools
British Citizenship
Single Tax
Capital Punishment
Co-operative Banking
Direct Legislation
Mothers' Pensions

The University Farm, which was established in 1917 for agricultural experimentation under the direction of Prof. G. H. Cutler and Prof. R.

Newton, had made excellent progress by the summer of 1920. It was said by the Edmonton *Bulletin* of July 2nd that one new variety of wheat, one of red clover, and one of sweet corn had already been proved hardy enough for the Alberta climate and these were being multiplied for distribution. Certain farmers were asked to undertake the growing of seed under specific conditions and it was stated that the Farm was observing the growth, etc., of 40 varieties of alfalfa, 51 kinds of clover and no less than 2,500 different strains of timothy.

Other educational institutions included Alberta College, North, of Edmonton which claimed to have the largest registration of students of any preparatory school in the Dominion and F. S. McCall, Principal, stated on June 4 that the registration had increased from 550 in 1915 to 1,850 in 1920; Alberta College, South, which was stated by Rev. Dr. A. S. Tuttle on the above date to have 30 students enrolled in Theology, 92 taking matriculation work and 140 in the Department of Music; Mount Royal College, Calgary, which under Rev. Dr. G. W. Kerby reported on June 30 a registration of students totalling 528.

The United Farmers of Alberta; Policy and Politics of the Organization.

This Association of farmers discussed during the year and finally decided to accept the "closed door" policy—the maintenance of its membership as strictly agricultural and its platform as that of the National Progressive party alone. Another important incident was the disbanding of the U. F. A. Political Association, which had previously existed as an independent unit and the vesting of all authority as to political action in the Central Executive of the United Farmers' Association; still another development was the adoption by the various local branches of elaborate platforms, of similar purport in most cases, and dealing in detail with many questions of a purely Provincial character. H. W. Wood, the leader and President of the U. F. A. stood for the "closed door" policy and he had energetic opponents on this particular point in H. H. McKinney of Calgary and A. C. Muir of Provost.

The 12th annual Convention of the U. F. A. met at Calgary on Jan. 20 and continued in session for several days; it was the largest on record and the accredited delegates present numbered 1,389, representing 598 Locals with, in addition, about 500 visiting delegates. The large attendance was partly due to the rumour that important questions relating to future policy were to be decided and that the position of H. W. Wood, the aggressive President of the organization, might be assailed. In order that he might have more liberty to take part in the debates, Mr. Wood arranged that Herbert Greenfield of Westlock, a member of the Executive, should preside and this proved a popular choice with Mr. Greenfield, later on, heading the poll in the election of the new Executive; at times he had a very stormy gathering to control and a part of the trouble was due to the Provincial by-election held in Cochrane during October, 1919, when a Farmer candidate had been elected to the Legislature over a Liberal candidate, also a farmer, and strongly supported by the Stewart Government. A conflict of authority developed between the U. F. A. Central Board and the U. F. A. Political Association, and the latter claimed the right to dictate, even to President Wood, as to what should be the content and purport of speeches on behalf of the Farmers' candidate.

In the Convention the friction between the Political Association and the parent body was freely discussed as well as Mr. Wood's economic class organization ideas and the result was a complete triumph for the President and his policy. In his Presidential address, the latter's chief statement was a brief one: "The greatest discovery that has ever been made in social progress is that of economic class organization." The Secretary, H. Higginbotham, stated the membership at 18,335 in 1918 and his estimate for 1919 was 29,000 with 50 per cent. of Alberta farmers still outside their ranks. Mrs. Walter Parlby, President of the United Farm Women of Alberta, addressed the Convention, followed by His Honour Dr. Brett, Mr. Premier Stewart, N. P. Lambert of the Council of Agriculture, and Hon. T. A. Crerar. The political issue came up in the form of two motions from certain Locals and one moved by P. E. Baker as follows: "That the powers and duties of the Executive and the Board of the U. F. A. continue as in the past, recognizing no other authority than this Convention in all educational, social, economic and other propaganda work of whatsoever character and, further, that they advise and assist all Federal district boards in whatever way may be necessary in carrying out all the legitimate work of the said districts."

This would, of course, eliminate the Political Association created in 1919 and O. L. McPherson, President, spoke in defence of its work; at the same time he declared that Mr. Wood's class economic policy should not be put forward as that of the U. F. A. After a statement by Mr. Wood, the Resolution of Mr. Baker was carried almost unanimously and the Political Association met shortly afterwards and dissolved itself with the U. F. A. assuming its financial obligations. In reply to some criticism as to his acceptance of a Federal office as member of the Canadian Wheat Board and for not insisting that it contain a majority of farmers, Mr. Wood maintained that the Board had obtained for the farmers the highest possible prices for their Wheat. The Group question was discussed at some length and two motions were carried—the one from Carstairs endorsing the principle of economic group organization and the other from Rumsey upholding President Wood in his stand regarding it and commending him for antagonism to class legislation. Mr. Wood, in response to questions, said: "The U. F. A. is a class organization. We are an economic class group. I believe in economic class group organization up to the highest point of efficiency. I am absolutely opposed to class legislation or class domination." Other Resolutions passed, out of about 200 presented, may be briefly summarized:

1. Urging Locals to thoroughly discuss the question of National marketing of wheat and requesting completion of unfinished Railways in the North and efficient operation of the E. D. and B. C. Line.

2. Denouncing continued Dominion control over books and printed matter and demanding immediate reconstruction or abolition of the Board of Commerce.

3. Endorsing the Council of Agriculture in favour of the continuation of national marketing of wheat so long as the principal countries importing Canadian wheat retained governmental control of imports and distribution.

4. Declaring dockage on grain, sold by farmers to the various Elevator companies, was excessive and demanding action to enforce the rights of farmers.

5. Asking amendment to the Grain Act making it an offence for any Elevator Company to instruct their operators to give any grain a lower grade than it was justly entitled to, or pay a lower price than the full price of the correct grade of any grain.

6. Expressing hearty co-operation with any movement for the betterment of conditions of returned soldiers and practical aid in helping them to secure adequate re-establishment.

7. Favouring recognition of Chiropractic right to practice; inviting closer commercial relations between the organized farmers of the several Provinces; urging a "bone-dry" Prohibition law and repeal of the Supplementary Revenue Tax as being a war measure.

9. Asking for Provincial control of all natural resources; co-operation between the Federal and Provincial Governments as to Irrigation; Reciprocity with the United States and repeal of duties on necessities of life.

10. Endorsing U. F. W. A. Resolution asking that the Dower Act be amended to still further protect married women as to disposition of property and urging a more stringent enforcement of the Prohibition laws.

11. Urging the Government to compel Railways to pay full value for all stock killed inside their right-of-way and one-half value where killed on road crossings until such time as substantial guards are placed by the Companies; approving the proposed action of the Hail Insurance Board in raising the maximum protection to $10 an acre.

12. Endorsing the Provincial Rural Credits policy of the Government and demanding a Provincial Highways Commission to specify standards in construction of roads, culverts, bridges, and ditches with power to make regulations governing the use and abuse of highways.

13. Opposing change in the personal covenant restrictions of existing Provincial mortgage foreclosure Act, and approving a cash bonus for soldiers or a plan of re-establishment as proposed by the G. W. V. A. Provincial Executive.

14. Favouring a proposal that doctors be placed in unorganized and outlying districts where no physician could be readily obtained and paid salaries by the Government; opposing any increase in medical or legal fees.

15. Asking for an increased grant to local Hospitals and the vesting of control of these hospitals in the Minister of Health with funds necessary to the establishing, equipping and maintaining of such hospitals by a tax on land values.

16. Requesting the Dominion Government to make a free gift to returned soldiers instead of selling to them, through the Land Settlement Board, the public lands in Alberta set aside for the Board.

Incidents of the Convention included a statement of income in 1919 as being $38,282; an address by A. A. Elmer, fraternal delegate from Washington and Idaho Associations urging the identity of interests between Canadian and United States farmers and appealing for closer co-operation; the re-election of H. W. Wood as President over A. C. Muir of Provost by 1,058 to 202 votes with Herbert Greenfield of Westlock and Mr. Muir afterwards elected as the two Association members of the Executive. In this latter case the Proportional representation method was used and Mr. Greenfield had 817 first choice votes with Mr. Muir next and in receipt of 146 such votes. On Feb. 4 a Delegation from the U. F. A., headed by Mr. Wood and Mr. Greenfield, waited upon Mr. Stewart and his Cabinet and presented the Resolutions touching Provincial affairs. Consideration was promised except in a few cases such as the Housing scheme which the Premier stated they would not take up; in that of additional Hospital grants Mr. Mitchell was doubtful—it would of course mean more taxation; Mr. Boyle stated that a uniform schedule of physician's fees was not practicable and Mr. MacKay refused to consider the sending of doctors into outlying districts but said he was trying to get the districts themselves to act; the request as to a compulsory bill of health before marriage was not received favourably. There was an angry interchange between Mr. Boyle and Secretary Higginbotham as to Liquor enforcement. Many of the suggestions made were accepted.

A series of District Conventions followed in the summer and autumn with many of the Resolutions passed at the general meeting confirmed or amplified and other ideas suggested; some differences of opinion were shown as at a Wetaskiwin gathering on June 22 which was not attended by Mr. Wood or any of the officials; strong views were expressed by that of Red Deer on Dec. 1st which declared in favour of (1) collective ownership of Provincial railroads, wire and wireless telegraph and telephones, and all other means of transportation and communication; (2) the acquirement by the municipalities, the Province or the Dominion of all stock-yards and cold storage plants; (3) the collective ownership and democratic management of a Provincial Bank. Mr. Wood addressed the Convention on Group organization. Other incidents included the presentation of the Farmers' anti-Tariff case to the Federal Commission by H. W. Wood at Calgary on Oct. 4; the Fall drive for new members and political funds which, up to Dec. 24 realized $75,948 with a total objective of $150,756—Bow River having collected 95 per cent. of its objective; the statement by C. Rice-Jones, General Manager of the United Grain Growers', Ltd., in reply to a question on Nov. 24 as to whether his organization paid the expenses of Mr. Crerar on his speaking tours, that Farmers had a perfect right to use the profits of the Company for anything they desired; if farmers wanted Mr. Crerar to speak it was none of the Government's business.

The United Farm Women. The U. F. W. A. met in separate session during the annual Convention of the U. F. A. at Calgary on Jan. 19-26 and their members also took part in much business of the Convention proper. Mrs. Walter Parlby, of Alix, who had been President of the Section for four years, announced her retirement, and was presented with a solitaire diamond ring and a Resolution of regret on behalf of the U. F. A. and of the Women's Association—H. W. Wood making the presentation. Mrs. M. L. Sears was chosen as her successor. In her preceding address Mrs. Parlby reported a limited growth in membership and stated that the main efforts of the Section had been devoted to stimulating interest among young people. Much work along immigration lines had been accomplished and successful efforts made to interest women in the Farmers' political movement. The Section had also co-operated with the Alberta Red Cross in furnishing relief to families affected by the droughts of the year. As to Political action, Mrs. Parlby urged education and discussion with adherence to experienced leaders and old methods. Resolutions were passed:

1. Urging Educational changes and that a school with less than 20 pupils be consolidated with some other; that science be taught beginning with nature study and that apparatus be supplied each school; that elementary courses include astronomy, geology and world history.
2. Asking that text-books on agriculture and psychology be used in the schools with a well-written story of the Life of Christ.
3. Requesting the Legislature to amend the Dower Act so that any disposition of property by a married man should be null and void unless made with the consent of his wife.

PUBLIC AFFAIRS
IN
BRITISH COLUMBIA

The Oliver Government in British Columbia; Administration and Public Affairs.

The Hon. John Oliver entered upon his third year of Premiership in 1920 and the last year of the Legislature which had been elected in 1916; his Administration had not been spectacular but it had been cautious and free from any serious charges of a public character; in the Legislature the Government had 33 Liberal supporters, 10 Conservative opponents and 4 who were independent or not defined. Mr. Oliver was Minister of Railways as well as Prime Minister and he had very considerable difficulties to deal with. His Report for 1920 dealt with the Canadian National Railway terminals at Vancouver, New Westminster, Port Mann, Steveston, Patricia Bay and Victoria which involved an estimated cost of $9.141,503, a total earned on Dec. 31 of $7,353,906 and a total payable of $7,269,655.

Construction during the year had been continued upon C. N. R. lines on Vancouver Island and special work done in respect to Westminster Bridge on which 109,203 cars had crossed the Fraser during the year; in the matter of the Johnson Street Bridge, Victoria, which the Premier had strongly supported, a City by-law was passed on Jan. 15, 1920, authorizing the borrowing of $420,000 with a contribution from the Provincial Government of $200,000 and of $100,000 from the Esquimalt and Nanaimo Railway; preliminary operations were under way during the year but no release of Government funds was made. A good deal of engineering and bridge work on the Pacific Great Eastern Railway had been done but there was still more needed to connect Squamish with Prince George—98 miles of main-line track to be laid from present rail-head to this much-needed connection with the Grand Trunk Pacific; of this mileage 51 miles of the grade were ready for track, leaving only 46·5 miles of regrading on the old line to be done next year; 36 timber bridges and one steel viaduct had yet to be built, as well as the construction of 118 miles of telephone-lines and 50 miles of fencing, etc.

The completion of this Line was an important matter and costs were still going up; Mr. Oliver stated that since his June, 1919, estimates the cost of labour had increased 37 per cent., bridge-timber 60 per cent., hay 35 per cent. and general supplies 24 per cent. A. F. Proctor, Chief Engineer to the Department, reported that to finish the Edmonton, Dunvegan and B. C. Line from Spirit River to the boundary of Alberta would cost $1,245,-

200 and thence to a junction with the P. G. E., as projected to Pouce Coupe, $360,000 more. The Premier was also Minister of Industries and to him the Report of the Department of Industries, with Major D. B. Martyn as Industrial Commissioner, was submitted. The Advisory Council in this connection was composed of Major R. J. Burde, M.C., M.L.A., J. H. McVety, J. E. W. Thompson and Nicol Thompson of Vancouver; Joshua Kingham, Victoria, and F .G. Dawson, Prince Rupert. During 1919 A. E. Flumerfelt had resigned as one of the Council.

The Department was created by legislation in 1919 with a view to financing legitimate and beneficial industries and to provide for and co-ordinate industrial investigation and research; to collect and disseminate information; to utilize in arts and manufactures the knowledge already existent in other countries; to promote and provide for employment of returned soldiers in Provincial industries. The Council had power to advise the Commissioner and, through him, the Minister, as to loans for the purpose of promoting industrial development in the Province and during 1919, 225 applications were received for a total sum of $2,767,404 and 19 of these were granted for a total of $61,000. The 2nd Report for the year 1920 showed a special activity in iron and steel development with several syndicates making surveys of ore, flux and fuel, a survey by the Commissioner of the industrial plants of the Province with a summary of particulars and conditions; receipt of 362 applications for loans totalling $3.044,050 in amount with 60 of these granted for a total of $630,658.

The statement was made that a blue-sky law would be useful in the Province and that many of these applications were of a "wild-cat" promotion nature. A market for 2,000,000 tons of iron and steel was reported; if blast furnaces could be established and supplies of the various grades of pig-iron assured at reasonable price, subsidiary companies would surely undertake the manufacture of the different grades and sections of steel to suit the market. There also was said to be a tremendous export market with $100,000,000 going yearly from United States Pacific ports. Some of the loans made were as follows: Stettler Cigar Co. $25,000; Western Canadian Woollen Mills, Ltd. $30 000; Aetna Saw Co. $15,000; Standard Shoe Co. $15,000. The Minister was empowered to borrow up to $2,000,000 for these Loans.

Mr. Oliver, at the beginning of the year, spoke in Victoria (Jan. 9 and 13) in aid of the $420,000 By-law for the Johnson Bridge which afterwards carried; during succeeding months the Session and the affairs of the P. G. E. Railway required much attention. On Jan. 6 $2,450,000 5-year, 5 per cent. bonds had been sold at $97.84 as part of an authorized issue of $6,000,000 to carry on the Line which had cut such a figure in Provincial finance and politics and which promised when completed to be of great service to the province. Construction work was, however, so costly that not much progress was made during the year though A. B. Buckworth was appointed General Manager and details of business developed; what was done the Minister's Report indicated with a current mileage of 180, gross earnings in 1919 of $340,551 and operating expenses of $516,054; the liabilities were about $26,000,000. The usual efforts were made during the Legislative Session to obtain an investigation of P.G.E. affairs and its past political and financial conditions; G. S. Hanes (Lib.) was active in this matter and desirous, apparently, of mixing up both the old and the new Governments in his charges; the Resolution for an enquiry was voted down on Mch. 25 by 31 to 7—five soldier members and two Liberals constituting the minority.

The case of the Dolly Varden mines and the policy of the Premier and Legislature, had, meanwhile, attracted much attention in and out of the Province. The facts were that these mines, about 150 miles north of Prince Rupert, were partly developed by a group of American capitalists, who invested about $600,000 in the venture. They engaged the Taylor Engineering Co., a British Columbia concern, to carry on the operations and, of the original capital, the Taylor Company received about $300,000 for work performed. At this stage further funds were needed and Chicago and New York capitalists put up money for construction of a 20-mile railway which was also done by the Taylors who subsequently claimed for this and other matters $400,000 from the Dolly Varden owners. While negotiations were proceeding, legislation was passed in 1919 putting the Taylor Company in possession of the entire property unless its claims were met within 30 days; as the time passed without settlement, they assumed possession.

Appeals were made to Ottawa for disallowance but without avail and the year passed without action; then the matter was taken to the Provincial Courts and, meanwhile, the Legislature was asked to protect the Taylor interests in these holdings. It did so in the last stages of the 1920 Session by an Act which declared that without the previous consent of the Attorney-General, no action or other proceeding could be taken, and no Court entertain any action whereby the right, title or interest of the Taylor Engineering Co. or its assigns could be called in question, or could be restrained or interfered with in this connection. On April 16 the Legislature was considering the Bill and preparing to prorogue when R. T. Elliott, a Victoria lawyer representing the Dolly Varden Company, sent a telegram to Mr. Oliver demanding particulars of moneys received from the sale of Dolly Varden ores, which particulars the Premier was said to have found so startling that he had suppressed them, and alleging further that Mr. Oliver had used his position to personally obtain certain lands which should have gone to the Soldier Settlement Board. After a heated debate, the Bill passed.

At Vancouver, on April 30, Mr. Oliver said: "These charges are absolutely false, and I dare the man making them to come out in the open and make them. I defy anyone to prove me guilty of wrongdoing." Following this he instituted proceedings for libel and $50,000 damages against Mr. Elliott and the case came before Mr. Justice W. A. Macdonald in the Supreme Court on May 25 with M. B. Jackson, K.C., acting for the Premier and H. A. Maclean, K.C., for the defendant. Mr. Elliott's defence was of a public nature and voiced in the declaration that legislation interfering with the course of pending litigation and passed as a result of secret lobbying carried with it the assured proof that fraudulent influences had been successful. Politics were mixed up in the charges and the justice or otherwise of the whole Dolly Varden legislation. Finally, the Jury decided on June 30 in favour of the Premier; he had been slandered but the effect on his reputation had been negligible and the damages were put at 25 cents; a little later costs also were awarded Mr. Oliver.

Addressing the Canadian Manufacturers' Association at Vancouver on June 7, the Premier stated that capitalization was the friend of mankind and that civilization could not exist without it; but he deplored the flaunting of extreme wealth in the face of poverty and declared it was not the proper standard by which to measure success—service should be the gauge. During this month the Premier and Mr. MacLean, Minister of Education, toured the Okanagan region and in July Mr. Oliver visited Edmonton and had a conference with Mr. Premier Stewart as to extension of the E.D. and B.C. Railway to Pouce Coupe and the possible extension of the P.G.E. Railway from Prince George to connect with the Alberta line; later he traversed the Peace River country and on his side of the border early in August made some speeches as did Hon. W. J. Bowser, Opposition leader. A month later, with Hon. T. D. Pattullo, Minister of Lands, the Premier went up to Prince Rupert and visited various Northern points along the Grand Trunk Pacific to Prince George. In October he toured the Interior and visited the Okanagan. On Dec. 22 the Premier told a municipal delegation that the Government would provide such sums as were necessary, but not to exceed $100,000, for the relief of cases of necessity amongst the poor of the Province.

Reports and Policy of Individual Ministers. The Hon. E. D. Barrow, Minister of Agriculture, reported for 1920 as to the many-sided operations of his Department—Horticulture, Imported Fruit and Nursery Stock, Plant Pathology, Markets, Live Stock, Health of Animals, Apiaries and Dairy branches and of Divisions dealing with Silos, Poultry, Soil and Crops, Prairie Markets, etc. The appropriations for the year of Mch. 31, 1920, were $271,334; the number of Farmers' Institutes in the Province was 129 with 5,720 members; the number of Women's Institutes was 72 with 2,758 members. The imported fruit of the year in this fruit-bearing country included 87,411 boxes of apples, 24,802 boxes of pears and 54,716 of peaches; the Department had issued and distributed 328,250 copies of various Bulletins, circulars and reports.

D. Warnock, O.B.E., Deputy Minister, reported the agricultural returns of the year as $68,004,953 or an increase of $2,620,397; the Imports of agricultural products from other Provinces were valued at $18,902,981 and from foreign points at $7,913,488 or an increase in the year of $3,911,942. Live-stock statistics showed a total value of $14,014,873 or an increase of $1,577,363; the production of meats in the year was $4,217,212 and Dairy products totalled $6,966,757; the fruit crop was valued at $4,951,750, the vegetable crop at $8,898,819 and Fodder crops at $17,410,852. Federal Statistics of Field crops in 1920 showed a total value of $27,017,500 compared with $11,625,700 in 1915; of the 1920 total $1,924,300 was wheat, $1,596,500 oats, $3,755,000 potatoes, $2,608,000 Turnips, etc., $8,890,000 hay and clover, $4,518,000 grain hay, and $1,361,900 alfalfa. Animals in value were as follows: Horses, $5,550,000; Cattle, $15,358,000; Sheep, $511,000 and Swine $926,000. The Land Settlement Board under this Minister was re-organized by Order-in-Council on April 21. Under the new arrangement Lieut.-Col. R. D. Davies, one of the Directors of the Board, was made superintendent and directly responsible to the Minister of Agriculture; the existing Directors were allotted to districts for each of which one was made responsible under the Superintendent and, ultimately, the Minister and the Cabinet. During the Session, also, a Loan of $2,000,000 was approved for the purchase of land and making of loans to soldiers desirous of settling on such lands.

The Hon. J. D. King, Minister of Public Works, in his Report for the year of Mch. 31, 1919, dealt with $895,979 spent on roads and trails and streets, $415,969 on bridges out of $488,500 allocated for that purpose, $44,091 spent on wharves and a total of $1,452,483. On Mch. 29, 1920. Dr. King announced in the Legislature that, with the $5,000,000 Loan to be made by the Government, together with the devoting of increased motor license fees to good roads construction, coupled with the $1,250,000 to be contributed by the Federal Government for highways and the amount of over a million which was expected to come from the municipalities under the new system of highway construction and supervision—as arranged in the Bill to amend the Highways Act—there would be, all told, about

$8,000,000 with which to carry on road construction in the next five years.

The Forest Branch of the Department of Lands—Hon. T. D. Pattullo, Minister—did much in publicity work during 1920. It distributed 33,000 "farm building" booklets through the Agricultural branch of the University of Saskatchewan, and 30,000 copies of another booklet on British Columbia woods were sent all over the world. The lumber exports of the Province in 1920 were 146,624,269 feet B.M. compared with 108,872,266 feet B.M. in 1919; the pulp and paper output for 1920 included 217,344 tons of sulphite, sulphate and ground wood and 146,624 tons of newsprint and wrapping paper; the total value of the forest production of 1920 was $92,628,807 as against $70,285,094 in 1919—in this total Lumber stood for $46,952,500; Pulp and paper $21,611,681 and Shingles $12,081,476. The timber scaled in 1919 was 1,758,329,995 B.M. and in 1920 2,046,468,959 B.M.; the saw-mills numbered 341 with a daily capacity of 10,729,000 feet B.M. and shingle-mills 109 with a daily capacity of 13,426,000 shingles. The Forest protection expenditure for the year of Mch. 31, 1920, was $392,258 and for the 9 months ending Dec. 31 it was $537,255; there were 1,251 forest fires during 1920 and of these 304 were attributed to lightning, 246 to campers, etc., 227 to railways and 104 to industrial work. The total area of private timber lands was 867,921 acres valued at $11.62 per acre.

As Minister of Mines, the Hon. William Sloan received the annual Report of W. F. Robertson, Provincial Mineralogist. For the year of Dec. 31, 1920, the production was $35,543,084 compared with $33,296,313 in 1919 and a total production in all minerals and for all years up to this date of $706,192,978. The latter figure included $75,944,203 of placer gold, $102,753,823 of gold from the lode mines, $52,068,284 of silver, $161,513,864 of copper, $46,637,221 of lead, $19,896,466 of zinc, $188,789,808 of coal, $23,783,684 of coke. During 1920 gold production showed a decrease; copper mining at the end of the year found its markets greatly curtailed and conditions stagnant.

In this situation it was notable that there should have been an almost even metalliferous product in the Province—$19,665,965 to $20,036,998 in 1919. The collieries more than held their own with a net coal production of 2,595,125 tons, valued at $12,975,625, and 67,792 tons of coke, valued at $474,544 or an increase of 327,584 tons over the past year. The values of the chief products in 1920 were as follows: Gold $2,702,992; silver $3,235,980; copper $7,832,899; lead $2,816,115; zinc $3,077,979; coal $12 975,625; coke and miscellaneous $2,901,494. Mr. Sloan during the 1920 Session extended to the year 1925 the period of operation on the Iron Ore Bounties Act and, on April 16 stated that encouragement of private enterprise would cost so much money that "the Government was considering the establishment of an industry for the manufacture from local iron ores of commercial iron and steel rather than of financing it as a private enterprise." Meanwhile, the policy was one of obtaining information and experimenting in local resources. During the summer Canadian Collieries Ltd. (the famous Dunsmuir concern) took up the subject and investigated its probabilities—H. S. Fleming, Chairman of its London Board of Directors, having the matter in hand with consideration of a Steel plant at Union Bay. Mr. Sloan urged action in this respect and on Aug. 10, stated to the Toronto press: "It is admitted that we have the magnetite ore, and the necessary fluxes for the smelting and production of a high-grade of pig iron and there is no further important problem facing those who would invest the capital needed."

Mr. Sloan was, also, Commissioner of Fisheries and he reported for the year of Dec. 31, 1919, a catch valued at $25,319,429. The salmon-pack of 1920 totalled 1,187,616 cases or 205,540 less than in 1919; the total pack of the Fraser River was 136,661 cases as against 163,123 in the previous year; the Sockeye catch in Provincial waters of the Fraser was 48,399 cases or a considerable gain over 1919 and, in the State of Washington waters of the Fraser, 62,654 cases—a reduction in number. The catch of Halibut landed at Provincial ports totalled 22,089,035 lbs. and a total of 493 whales were captured. The values of the fish caught included $17,537,166 for Salmon, $4,617,484 for Halibut, $1,109,870 for Herring, $648,868 for Whales, $371,871 for Pilchards, $485,418 for Cod and black Cod. In a Memorandum to the Federal Minister of Fisheries early in 1920, Mr. Sloan urged that the Federal authorities should step in and take over the salmon fisheries of British Columbia, or else give the Province full power to administer the industry so that existing conditions of private exploitation could be remedied. He pointed to the salmon fisheries of the Fraser as yearly decreasing in production and promising soon to become extinct. In this view he was supported by various experts and authorities.

The Hon. J. W. de B. Farris, as Attorney-General, received the Report of Robert Baird, Inspector of Municipalities, showing an assessed value of taxable land, as made up in 1920, of $14,361,763; Debenture debts of $96,097,910 on Dec. 31; arrears of taxes totalling $8,248,455 compared with $12,094,121 at the end of 1919; Lands taken over at tax-sales of $5,247,788 in value; receipts of taxes in the year totalling $15,467,662 and, including returns from public utilities, etc., $21,711,113. The gross expenditures were $20,686 963; the sinking fund investments included bonds of $8,075,175 and Municipal debentures of $5,183,332. The annual Report to Mr. Farris of the Superintendent of Insurance (H. G. Garrett) showed 132 Fire companies licensed in the Province during 1920 with many fires recorded—those involving a loss of $30,000 or over totalled $1,388,576—and a total of $2,635,532 for all fires; the net Premiums received were $5,427,798, the net loss incurred $1,636,148, the net loss paid $1,181,196. The Life Insurance companies doing business in the Province in 1920 had Premiums of $5,847,803, the net amount in force was $171,649,628 and the claims paid were $1,459,503 with Company investments in the Province totalling $19,854,802. Other Companies—Accident, Sickness, Liability, Automobile, Burglary, Guarantee, Plate Glass and Marine had Premiums of $1,658,866, losses of $825,792 and unsettled claims of $178,338.

This Minister had charge of the administration of the Mothers' Pensions Act passed during the 1920 Session and following upon the Report of a Commission appointed on Nov. 19, 1919, composed of Mrs. C. E. Spofford, T. B. Green and D. McCallum with E. S. H. Winn as Chairman. It reported on Mch. 22, after public hearings in the centres of the Province, and the statement was an able summary of what had been done elsewhere and what should be done in this Province and the reasons for action. The range of admitted women was wide in recommendation and included divorced women and unmarried mothers but these were excluded from the Act passed a few weeks later. Advisory Boards were appointed at all the Provincial centres, and the 1920 Report (Nov. 30) to the Attorney-General showed 636 Pensions granted with $118,489 paid out to date; 1,182 applications had been received and they still were pouring in. G. F. Pyke was in charge at Vancouver and the pensions totalled $42.50 to the mother and one child under 16 years of age, with an additional monthly allowance of $7.50 for each additional child under 16. Mr. Farris also had oversight of Neglected Children and, during the year, 92 cases were reported with 148 children cared for or for whom arrangements were made; in Vancouver Children's Aid Societies took care of 347 cases and expended $2,954 while the Catholic Archdiocese of Vancouver safeguarded 638 children at a cost of $5,519. To Mr. Farris the Provincial Game Warden reported 225 convictions during 1919 and $116,135 received from licenses; 9 men were killed and 12 injured while hunting.

The B.C. Workmen's Compensation Board, of which E. S. H. Winn was Chairman, reported for 1920, with 20,508 applicants, and 197 fatal accidents. The total amount of money paid for compensation, pensions, widows' pensions, medical aid, etc., in 1919 was $1,323,990. During 1920 $1,981,755 had been paid. There was a class division in this Province with all industries in a particular class carrying the losses occurring in that class. Early in this year operation of the Public Utilities Commission and the Act of 1919 was suspended and J. L. Retallack, Commissioner, told the Vancouver Board of Trade on May 11 that he had been appointed for 10 years but his services terminated by a Repealing Act of the Legislature in April, 1920; he described the organization effected and work done, the passing of the B. C. Electric Railway from his jurisdiction and personal differences with the Government; the decision to repeal the whole legislation. Vigorous attacks were made by J. S. Cowper, M.L.A., in the House and in the press upon the cost and alleged uselessness of the Agent-General's offce and work in London. In a letter to the Victoria *Colonist* (May 23) he dealt with the institution as a "white elephant" and urged its abolition with sale of the handsome and conspicuous British Columbia House in the Strand. F. C. Wade, K.C., Agent General, was well able to take care of himself in such a controversy and he did so in vigorous terms—the value of the B.C. House as an advertisement of the Province, the need of an Agent General for financial and immigration purposes, the many interests of the Province in England.

An important legal and international case at this time was considered by the Court of Appeal, the question being whether this Province could legally exclude Japanese subjects from Public Works contracts and from work under Provincial Crown-granted licenses. In the hearing of June 22, the Province—which had refused to accept the ruling of the Minister of Justice at Ottawa that a clause to this effect was in violation of the 1911 British-Japanese Treaty—was represented by the Attorney-General, the Dominion by A. P. Luxton, K.C., and private interests by Sir C. H. Tupper. The Court on Nov. 18 gave judgment that the Provincial Legislature possessed no power to exclude Japanese from employment on Provincial public works and, by the B. N. A. Act, the Province had no powers, either executive or legislative, to interfere with the intent of the Treaty specified.

Two interesting appointments were made at the close of the year. One was caused by the death of Lieut.-Col. the Hon. E. G. Prior, Lieut.-Governor of the Province, on Dec. 12 and on Dec. 24 the appointment was announced of Walter Cameron Nichol, Editor and Proprietor of the Vancouver *Province*; the selection of an active and influential journalist for the position attracting much attention throughout Canada. Late in December the appointment was announced of Mrs. Mary Ellen Smith, M.L.A., widow of the Hon. Ralph Smith, Minister of Finance, and his successor in the representation of Vancouver, as a member of the Provincial Cabinet. Other incidents of the year included the will of the late James Dunsmuir, formerly Lieut.-Governor and Premier, who left an estate of $3,597,583 with everything willed to his wife and the hope expressed that at her death she would divide the estate amongst their children—nine in number; the resignation of M. A. Grainger, Chief Forester of the Province, after 15 years' service.

British Columbia Legislation in 1920; Educational Conditions of the Year.

The 4th Session of the 14th Parliament of the Province was opened at Victoria on Jan. 29 by Lieut.-Governor the Hon. E. G. Prior with a Speech from the Throne which mentioned the visits of the Prince of Wales, the Duke and Duchess of Devonshire, Admiral Lord Jellicoe and the U. S. Secretary for War; stated that the financial credit of the Province continued to improve through the Government policy of keeping current expenditure within revenue and only borrowing on capital account; described industry as prosperous and the outlook as promising, the irrigation problems of the Dry Belt, as being slowly solved, the pre-emption records as growing, with but few cancellations, and the applications for industrial sites as increasing; stated that advantage had been taken of the Better Housing Act to the extent of $1,250,000 which was being used exclusively to provide homes for returned soldiers.

His Honour noted, also, that a definite system of administration, under the Grazing Act, had been established, and would make for effective production and the encouragement of stock-raising; declared that the past year had witnessed the commencement of an extensive programme for the construction and improvement of a system of trunk highways; observed that the construction of the National Railway terminals at Port Mann, New Westminster, Vancouver and Victoria had been in progress during the year with 52 miles of steel laid on the Vancouver Island portion and satisfactory progress on the branch line from Kamloops to Kelowna—while an agreement had been made for the completion of the P.G.E. to Prince George in the current year; promised various amendments and much legislation. The Address was moved by C. F. Nelson of Slocan and Dr. W. H. Sutherland of Revelstoke and passed in due course after a prolonged debate, in which Hon. W. J. Bowser, Conservative leader, and Hon. John Oliver, Premier, made long speeches of attack and defence.

The legislation of the Session included Hon. Mr. Pattullo's Act by which 4,065,076 acres of land situated in the Similkameen and Kootenay districts—taken over from the B.C. Southern and Columbia and Western Railway Companies—was brought under the operation of the Land Act for administration, with existing land reserves cancelled; amendments to the Land Act by the same Minister which provided that a pre-emptor who had completed occupation and improvements could be called upon to apply for a Crown grant within three months —failure to comply rendering the pre-emption liable to cancellation and buildings and improvements to forfeiture; a Domestic Animals Conservation Act under which the Government could cause such animals, abandoned or neglected by their owner, to be taken possession of and properly cared for and fed, the owner paying all expenses incurred before acquiring re-possession; a Co-operative Associations Act, under which any five or more persons could organize for the carrying on of any lawful business, trade or industry other than the construction and operation of railways, the business of banking or insurance or of a trust company, upon a co-operative basis.

A measure was passed imposing licenses upon operators of creameries or dairies and also milk testers; Mr. Pattullo's amendment to the Forest Act permitted export of manufactured lumber, subject to approval of the Government; Mr. Oliver had Bills authorizing construction agreements with the Kettle Valley Railway for a 9-mile line from Coalmont to a Company mine and one from Penticton, 3 miles, to Dog Lake to provide service for the large development area acquired by the Government in the South Okanagan section, with the right to construct wharves and other works near Okanagan Falls, and to carry construction on to the development area—a distance of 16 miles. The Hon. Mr. Sloan had a Bill granting power to the Government within a period of three years, to reserve from location and mining for iron any lands containing iron ores not in mineral properties held under statute, and to dispose of such reserved lands on any terms deemed advisable; Hon. Mr. Farris was responsible for a measure consolidating, regulating and facilitating the incorporation of Charitable organizations; amendments to the Insane Asylum Act provided for individuals voluntarily securing admission for brief periods and for their release without too many formalities.

The Soldiers' Land Act was amended to increase to $1,000,000 the $500,000 voted in 1919 for the purchase of lands for soldier settlement; Hon. Dr. MacLean had a Bill authorizing the establishment of a Sub-Normal Boys' School; measures were passed incorporating the Association of Professional Engineers and the Architectural Institute of British Columbia; an Apiaries Act regulated the sale of honey and labelling of the product while amendments to the Game Act provided for licensing fur trappers and for a royalty upon furs; the Moratorium relating to the Land and War Relief Acts were extended until Mch 31, 1921; the Allied Forces Exemption Act, which provided that where a soldier and citizen held joint interest in a mineral claim, the rights of the former were to be protected while he was away, was similarly extended; Hon. Mr. Sloan amended the Placer Mining Act to consolidate arrears of rentals on placer-mining properties—of which there were 833 leases with $359,000 arrears—so as to allow holders to extend the payments over a term of years and provide easier requirements in rentals and assessment work; the Jury Act was amended to increase the rate of pay from $3.00 to $4.00 a day; the Workmen's

Compensation Act was amended to provide for substantial increases in the compensation allowed to dependents of workers.

The Vancouver Island Settlers' Rights Act of 1917, twice disallowed by the Federal authorities, was re-enacted; the Civil Service Act was amended to place the Commissioner, as to appointment or dismissal, under control of the Cabinet instead of the Legislature; the Mothers' Pensions Act has been dealt with elsewhere and the B.C. University Loan Act for $3,000,000 was to place the University on a stable financial basis; a measure was passed to provide for the sale of Resin from Crown Lands and the Taxation Act amended to extend the period for returned soldiers to secure a rebate of 10 per cent. on arrears of taxes, and exempting the arrears from interest; an Act respecting the Sumas Drainage District provided for the reclamation of a large area of land in the Fraser Valley; an Iron Bounties Act amendment extended operation for the bounty on local pig-iron to 1925; the Highways Act was amended to change the rule of the road with a new classification of highways and special assistance to primary and secondary highways in organized portions of the Province; power was given the Government under another Act to advance moneys for the purpose of carrying on drainage undertakings in the dyking areas; the Coal Mines Regulation Act was amended with a view to excluding Orientals from working in the mines as well as all foreigners who could not speak English.

The Election Act amendments were of importance and included a clause providing elaborate machinery for the counting of an absentee vote under the new system of permitting electors outside their own home riding to vote for their candidate therein, or to vote in some other polling division of their own riding; another giving the vote to enlisted men of whatever age and nationality which was taken to include Japanese in the C.E.F. and was protested against by all kinds of Provincial organizations and finally withdrawn; a clause providing for recounts only in cases where the successful candidate had a majority of not more than 50 votes or, as the Premier amended it, not in excess of the total rejected ballots; another provision required from candidates a statement of expenses within 35 days of an election and forbidding any candidate, during the time he was a candidate, making any special contribution or donation in his riding for any purpose. The Opposition objected to the fact that the Judiciary were enfranchised—an unusual condition in Canada; to the Japanese clause as a preference against Canadian Indians and Hindus who had served with the colours; the elimination of the Educational test of the old Act and to the absentee voting. The House was prorogued on April 17.

Educational Conditions of 1920. The Hon. J. D. MacLean, Minister of Education, in his Report for the year June 30, 1919, stated that the total enrollment for all schools was 72,006, the number of boys was 35,954 and of girls 36,052, the average daily attendance was 56,692 and the total number of teachers 2,332; of the latter 197 were in the High Schools, 957 in the city graded schools, 549 in the rural municipality schools and 629 in the rural and assisted schools. The High Schools had an enrollment of 5,806, the City Public Schools of 35,090, those of the rural municipalities 17,869 and the rural and assisted schools 13,241. The number of school districts was 582 and the Provincial Government expenditure $1,791,153 in 1918-19 as against $1,032,038 in 1912-13. The average salaries were $2,192 in the High Schools for men and $1,619 for women; in the City Public Schools they ran for men (including Academic certificates) from $2,032 1st class certificate to $1,289 3rd class and for women from $1,171, respectively, to $959; in Rural Municipalities they ran from $1,777 to $940 for men and $1,004 to $879 for women; in Rural and Assisted Schools they ran for men from $1,066 to $995 and for women from $1,055 for Academic certificates to $924 3rd class.

During the 1920 Session Mr. MacLean carried amendments to the School Act giving power to enforce compulsory attendance of children in community settlements and designed to meet the situation in the Doukhobor colonies; also legally organizing the Department of Education in view of the fact recently discovered that it was not technically and legally existent; providing, also, that rural School Boards could arrange to contribute half the expense of conveying children to and from the schools—a power enjoyed by municipal schools; authorizing Boards of School Trustees in any municipal district having a high school to affiliate with the University of British Columbia—subject to approval of the University and the Department; giving the Department power to collect School taxes. Speaking on Mch 26, the Minister stated that he would this year expend in his department $2,800,000 while in the matter of Hospitals, Health, etc., which he also controlled, the total would be $2,000,000.

He pointed out that the Government was paying 43% of the cost of Provincial education and the municipal and rural districts 57%, while the Government of Manitoba paid 14%, Saskatchewan 12% and Alberta 15%; less than 100 of the teachers of the Province were not properly qualified; manual training extended to 8,800 pupils with 8 main centres in operation and he hoped to see a Technical School at Vancouver this year; the free textbook plan called for an outlay of $70,000 compared with $13,000 in Alberta, $23,000 in Saskatchewan and $12,000 in Manitoba. As to the Hospitals, $470,000 was granted to general hospitals in 1919, $500,000 was spent on residential hospitals at New Westminister and Victoria, with a much larger grant per day per head than in the other Western Provinces.

In this connection, the Minister reported, through Dr. H. E.

Young, Provincial Officer of Health for the year of June 30, 1920, that a Faculty of Nursing had been established at the University of British Columbia with the practical work carried on by the Victorian Order of Nurses; that 8 Health centres had been opened in the Province with Red Cross support and a nurse or nurses available for emergencies; that action as to Venereal disease, uniform with that of the Dominion and other Provinces, had been carried out; that progress had been made in the establishment of Public Health Laboratories—notably in Vancouver and Victoria; that Sanitary and Medical inspection of schools had been well maintained. For the year of Mch 31, 1920, Mr. MacLean received elaborate reports as to the Mental Hospitals at New Westminster and Essondale and Saanich from Dr. C. E. Doherty, Medical Superintendent, which showed 1,458 patients, an average cost of maintenance *per capita* of $1.05 and a net charge for the three Hospitals of $513,471—15 months for two and 373 days for one.

An incident of this year which evoked discussion inside and outside the Province was the claim that W. L. Grant's *History of Canada,* used in the High Schools of British Columbia as well as in Ontario, was un-British in its records and biassed in its attitude toward the French and Catholic part of Canadian annals. The public found it hard to accept such charges as to a writer of culture and known Imperialism but they were strongly expressed in Orange circles and by individuals—with the quotations which are so easy to detach in such cases. Finally the Department withdrew its authorization and in Ontario a new Edition was arranged for. Another incident was the demand of a Delegation of the Cabinet from Victoria and other School Boards asking for increased grants (Mch. 5) and Mr. Premier Oliver's statement that "the people of the Province were demanding a standard of living for which they were neither willing nor able to pay;" at a meeting of the B.C. Teachers' Federation on July 2nd a minimum salary of $1.200 for experienced teachers was urged; a convention of School Trustees at Nelson (Oct. 14) asked the Government to levy a tax for school purposes on all residents other than property owners.

The University of British Columbia. Speaking in the Legislature on Mch. 26, Mr. MacLean, Minister of Education, deplored the financial difficulties of this institution; claimed that it had been prematurely organized with an expected but impossible Government expenditure of $8,000,000 between 1915 and 1923; declared that despite its handicaps of inadequate buildings and lack of means, it was doing excellent work with more undergraduates in proportion than the other Western Universities. On Apr. 5 he announced the Government legislation making a loan of $3,000,000 to the University to complete its buildings at Point Grey, near Vancouver, with plans of re-payment which were later on approved by the Legislature. Mr. MacLean, in presenting his Bill, stated that there was a block of 2,000 acres of Government land adjoining the University site which would be laid out and sold for residential purposes; in addition the reserve of 2,000,000 acres in the northern part of the Province, set aside as a University endowment, would be thrown open for settlement; the first appropriation was $750,000.

On Mch. 30 the Board of Governors accepted the offer of the Provincial Red Cross Association to establish a Chair of Public Health and maintain it for three years at a cost of $5,000 a year; about the same time H. T. J. Coleman, B.A., Ph.D., of the University of Toronto, was appointed Professor of Philosophy; other appointments of the year were D. Buchanan, M.A., Ph.D., to the chair of Mathematics and R. H. Mullin, B.A., M.D., as Professor of Public Health. Occurrences of the year included affiliation of Victoria College with the University whereby instruction in the first two years of the Arts Course was given at Victoria; the establishment of a Summer School for Teachers in co-operation with the Department of Education. and also a Department of Forestry. The teaching staff in 1920 was over 90 in number, the Legislative grant for 1920-21 was $420,000 and a flat fee of $40 was during this year charged for all Faculties. The Registration for 1920-21 was 696 in Arts, with 209 in Applied Science and 6 in the double course; in Agriculture it was 962 and the short courses totalled 205 with 480 in those of the Soldiers' Civil Re-establishment Department. The enrollment of regular under-graduates was stated by President L. S. Klinck on Dec. 12 as 947 compared with 890 in 1919, 538 in 1918 and 416 in 1917.

Financial Conditions and General Development; The United Farmers of British Columbia.

The Budget speech of the Hon. John Hart, Minister of Finance, for 1920 was delivered on Mch. 24; in it he spoke of difficulties faced and pledges which, he declared, had been kept. The Government had, he maintained, kept current expenditures within revenue and the margin of revenue over expenditure had proved even better than was anticipated; the result was a surplus for the past year while the returns for nine months of the present year justified the hope that there would be a substantial surplus in it also. Since 1915-16 the Revenue had increased from $6,291,693 to $6,906,783 in 1916-17; to $8,882,846 in 1917-18; to $10,931,279 in 1918-19; to $12,609,960 in 1919-20. The total increase was $6,318,266. The revenue for the year ending Mch 31, 1920, was expected to be $2,400,000 over the first estimate, and for the fiscal year of 1921 Mr. Hart expected a Revenue of $13,978,245. As a matter of fact, it was much greater while the Public accounts showed returns for 1919-20 of $13,861,602.

The estimated Expenditure for 1920-21 was $17,410,673 but $3,449,961 of this sum was on capital account. The Current expenditures included $1,838,378 on Public Debt, $2,864,613 on Education, $1,324,395 on Lands and $2,745,233 on Public Works; the capital expenditures included $1,183,761 upon Sinking Funds, $907,200 on the P.G.E., $200,000 for the Johnson Bridge, $116,300 upon roads, bridges, etc., $250,000 for an Industrial School, $175,000 upon a Technical School and $300,000 for main highways. Borrowings by the Government since its advent to office had amounted to $13,770,000, of which $9,270,000 was expected to be repaid. Mr. Hart stated that the greater part of this latter sum was loaned to the Pacific Great Eastern for construction work and was re-payable to the Province which held as security the entire share capital and all the Assets of the parent company and its subsidiaries.

Motor license fees were to be increased to $400,000, which was to be ear-marked for a loan of $5,000,000 for main trunk road construction throughout the Province. Important concessions would be made to municipalities in response to their pressing requests for additional sources of revenue. The Government would cease collecting the poll-tax in organized districts and allow the municipalities to impose a minimum service tax of $5 upon all males from 21 to 65 years of age—this tax to be ear-marked for schools and hospitals. It would also increase the Amusement Tax to 20 per cent. on the admission and divide this tax with the municipalities on an equal basis—also for hospitals and schools. In this connection the total Liabilities of Provincial Cities on Dec. 31, 1918, were $82,388,002 and of Districts $23,912,456 with $48,191,877 of the total non-productive. During 1920 $4,800,000 would be required to take care of P. G. E. liabilities against which were held $6,000,000 of Government guaranteed stock.

The Public Debt on Mch. 31, 1920, in stock and debentures was $34,071,936 against which there was a Sinking Fund of $5,837,600; the capital Assets included Sinking funds with $12,462,701 of capitalized Dominion subsidies, grants, etc., $21,347,503 of estimated values for Provincial buildings, roads, bridges, etc., and current Assets of $13,158,521; the totals with some small items additional in either case showed $57,010,108 of Assets and $34,316,861 of Liabilities. There were also $65,407,227 of Guaranteed Liabilities of which the Canadian Northern Pacific stood for $40,157,523 and the Pacific Great Eastern for $20,160,000; the P. G. E. Railway, besides this, was included in Deferred Assets and Liabilities for $9,990,460. The taxable Assessment of cities and districts totalled $537,362,596.

There were keen criticisms of this statement and Hon. W. J. Bowser, Opposition leader, declared in the House on Mch. 31 that for this year the Government would borrow about $22,000,000, bringing the total borrowings by the present Government up to $35,000,000 in four years; he pointed to $3,202,000 paid for salaries compared with $1,664,000 in 1916, and spent much time in criticizing the alleged unbusiness-like and wasteful methods of the Land Settlement Board. During the Session Mr. Hart carried Bills to permit of borrowings which totalled $18,500,000 and including $1,000,000 for Land Settlement Board, $700,000 for Immigration projects, $400,000 to carry on P. G. E. construction and $4,800,000 to retire a P. G. E. Company note to the Union Bank of Canada. Following this Loans were placed in June and July, respectively, for $2,800,000 5-year 6 per cent. bonds and $2,000,000 of similar bonds. On Nov. 29 Mr. Hart announced the Revenue for the year of Mch. 31, 1920, as $13,861,602 and expenditures $13,511,123 or a surplus of $350,479. He also announced a new financial policy involving the following:

1. The establishment of a Capital Reserve Fund for the Province in which all moneys from the sale of natural resources must be placed—this Fund never to be impaired, but loaned out on interest for development purposes.
2. The establishment of a Provincial Bank, so that the Government could accept deposits and keep the money of the people for the development of the Province instead of having it sent East by the big Banks through their branch system.

The United Farmers of British Columbia. Throughout the year this organization showed an indisposition to unite with the Agrarian organizations of other Provinces either for independent political action or upon the fiscal platform. In the latter part of the year they indicated a tendency to support Protection in some of its phases. The 4th annual Convention of the U. F. B. C. was held at Victoria on Feb. 23, with the President, R. A. Copeland of Lumby, in the chair and 65 delegates present. The subjects discussed covered almost everything affecting farm interests—including good roads, water-power, fumigation stations, taxation, daylight saving and Oriental ownership of agricultural lands. There were 40 active Locals and 4,300 members reported. One of the questions dealt with was a proposal to form a Provincial Council of Agriculture including representatives of all the agricultural bodies of the Province to act as an Advisory Board to the Government; it was decided, after discussion, to send a representative to a proposed conference on the subject but without power to commit the U. F. B. C. H. W. Wood and C. Rice-Jones, of the Alberta Farmers' Association, and Hon. C. A. Dunning were visitors and Mr. Wood urged thorough organization before entering the political field. A motion to restrict membership to those whose occupation was or had been farming was voted down and all those "interested in farming" given the right to become members. The following Resolutions were passed:

Opposing Daylight Saving and admitting Women's Institutes to affiliation; favouring the establishment of sugar refineries owned and operated by the Association; requesting the Provincial Government to open timber limits adjacent to settlements for soldier settlement and enable returned men to make something on the logging; declaring that only duly qualified British subjects should be allowed to hold or lease lands in the Province and requesting that goods produced and sold by Orientals should be marked so as to protect white growers.

During the Convention informal meetings were held with the Advisory Board of the Farmers' Institutes representing 6,000 members; considerable progress was made toward union with a joint Committee on amalgamation appointed; Mr. Copeland was re-elected President and J. M. Humphrey of Malakwa appointed Organizer. In May the Board of the Institutes sent out a report stating that the objects of the two movements were identical, except that one of them demanded absolute freedom from any kind of Government connection. The proposition, in a general way, was that the Institutes should retain their individual co-operative trading rights and policy while the new organization, as a whole, would devote itself to educational, political and social work. On June 4 the Directors of the United Farmers and the Board of the Institutes met at Kelowna and, after discussing every phase of the matter, passed the following Resolution: "That this meeting adopts the constitution as revised by the Joint Committee and that each Association shall send a copy of the constitution to each of its Locals, and this meeting of the joint Boards heartily approves the proposal for amalgamation."

J. W. Berry, who was not a member of either body, presided and in his address said: "There is no doubt that the Northwest farmers have become somewhat intoxicated with the power which has suddenly been gained by them. It is up to us to send representatives to Ottawa who will not blindly follow the Prairie farmers." He urged continued Protection for fruit. The United Farmers ran a candidate in the Yale by-election but were defeated and they presented a very original Memorandum to the Tariff Commission at Vernon on Sept. 27th.* On Oct. 27 Mr. Copeland informed the Victoria press that the U. F. B. C. had 140 Locals and 4,500 members.

Prohibition Issues in British Columbia: The General Elections of 1920.

This Province had come under a partly Prohibitory law in 1919. It cannot be said that the people became much more temperate; the prescription difficulty developed there as in other places and illicit sales were unusually large. License-holders whose business was ended by the new law formed an Association and made application to the Government for financial recompense. The Cabinet appointed Mr. Justice Aulay Morrison a Commissioner to hear their arguments and make a recommendation. Judge Morrison sat at Victoria on Jan. 12-19, heard the addresses of Sir C. H. Tupper, K.C., and Dunbar Taylor, K.C., as counsel in the case, and secured admission that the claim was more ethical and moral than legal. The decision was unfavourable and the Association appealed again to the Government requesting the re-submission of the case to the Commissioner with a new question: "Were the applicants not entitled 'in fairness and reason' to some compensation?" The application was refused on Feb. 3rd and no compensation was granted.

The Report of the Prohibition Commissioner (J. Sclater) for the year of Dec. 31, 1919, showed sales by the Government Liquor Vendors of $1,579,475 of which total Vancouver stood for $1,257,862. Rye whiskey was first in these sales with 25,380 gallons and 8,767 cases sold; Scotch whiskey came next with 9,051 gallons and 8,323 cases; the sales of Rum were 12,281 gallons and of brandy 5,420 gallons with 818 cases. The Prescriptions issued by Vancouver physicians and honoured by the Government Vendors were 181,350 in number, those of Victoria 54,732 and those of other centres 79.095—a total of 315,177. The prosecutions for infraction of the Act totalled 896, the convictions 805, and the fines were $69.309 with 50 sentences to imprisonment. Dated Mch. 1st, 1920, this Report made various suggestions as to amendments to the Act and Mr. Sclater added at the close that: "It has been difficult at times to maintain a supply of liquor sufficient to meet the demands made upon the Vendors from day to day, which kept increasing towards the end of the year to an extent quite unlooked for."

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*Note.—See Farmers and the Tariff Commission in Agricultural Section.

On Mch. 29, in the Legislature, Hon. Mr. Farris, Attorney-General, under whom this Act was administered, announced that there would be a Provincial Referendum on the question of complete prohibition or the Government sale of liquor. New voters' lists were ready, including the women and it was time for a final decision. Meanwhile, several amendments to the Prohibition Act were presented by him which would restrict the movement of liquor from private houses, curb the open sale of Jamaica ginger and various essences, and limit the issuance of doctors' prescriptions to 100 a month, of 8 ounces each. It was stated at this time that in December. 1919, the sale of liquor on doctors' orders had amounted to $310,000 and in January, 1920, after the Federal import ban was removed, the prescription business still reached $184,000. As an effect of these amendments, which were passed in May, the sales under prescription diminished materially; in June it was 18,000 and in July 10,700. But, in the meantime, great quantities of liquor were being received from extra-Provincial sources. On Aug. 17 the Canadian Pacific Wine Co. was convicted of selling unlawfully, fined $1,000, and its entire stock, valued at $237,000, was seized by the Government. The Company appealed, taking the case to the Privy Council in London, for hearing in the Spring of 1921. The stock was preserved intact pending the decision of the Court.

Oct. 20th was the day fixed for the Plebiscite; the campaign was vigorous and picturesque. At a "dry" meeting in Victoria, Mrs. Farris, wife of the Attorney-General, was one of the chief speakers and Tom Richardson, a former Labour M. P. in England, supported Prohibition at various meetings. It was claimed that Prohibition, despite illegal trafficking, had greatly reduced the total sale of liquor and the convictions for drunkenness;

that the people spent, in the year before the War, about $11,000,000 for liquor and, in 1919, about $2,000,000; that the country had been unusually prosperous while the death rate from tuberculosis had shown a marked decline. The policy was vigorously opposed by the Moderation League which had the support of Sir C. H. Tupper, Hon. Walter Scott, ex-Premier of Saskatchewan, and the Victoria *Colonist.*

The vote was taken upon the following questions: "Which do you prefer—(1) maintenance of the present Prohibition Act or (2) an Act to provide for Governmental control and sale, in sealed packages, of spirituous and malt liquors?" A record vote finally was polled and, with women voting for the first time, a majority of 26,739 was given for Government sale and against Prohibition—compared with a favourable majority of 5,000 for Prohibition in 1916. The figures were 49,225 for the first question and 75,964 for the second. The comment of Mr. Farris upon the result was brief: "I believe that the vote is not intended as a repudiation of Temperance sentiment but as an expression of belief that the best results for temperance will come from strict regulation and control, rather than from an attempted prohibition." According to *The Colonist,* the women's vote was particularly large and the decision to try Temperance instead of Prohibition was undoubtedly greatly due to the influence which they exerted.

The Issues of the General Election. Following the Plebiscite, Mr. Premier Oliver announced on Oct. 23 the dissolution of the Legislature with nomination day fixed for Nov. 10 and the Elections for Dec. 1st. The House had another year to run and the Government held 31 Liberal seats to 9 Conservatives and 6 of miscellaneous nature; but it was felt that Prohibition and other questions required a political verdict from the people before they could be properly handled. Mr. Oliver and his Ministers started at once to campaign the Province and the Premier, at Golden on Nov. 1st, dealt chiefly with the Liquor question: "The control of liquor can only be effected by control of the source of supply and to do this the Province will probably have to appeal to the Federal authorities for power to control the importation of spirituous liquors." Whether the Dominion would permit this was a question which he did not try to answer. On the 3rd a Manifesto was issued with the following reference to this question:

> In the opinion of the Administration, to secure effective control of the liquor traffic, it will be necessary to appeal to the Dominion Parliament for legislation under which the Provincial Government would have effective authority to control the sources of supply, to the extent necessary to prevent such sources of supply being made a base from which liquor could be obtained in contravention of the Provincial statute.

Other points in this document were the claim that his Government had restored and enhanced the credit of the Province; that the Province led all others in its treatment of returned soldiers and that the veterans were satisfied with this policy; that the Government's legislation for women included the franchise, equal rights in guardianship of children, appointment of a Superintendent for Neglected Children, Mothers' Pensions, a Minimum Wage law, Juvenile Courts and the appointment of a woman Judge; that the Department of Agriculture had been made a separate portfolio, a Land Settlement Board created and loans granted to farmers with non-productive land taken over from private owners and re-sold to real settlers; that aid and encouragement had been given to Education and Mineral production. Speaking at Oak Bay on Nov. 11 Mr. Oliver reviewed his administration; declared that he had no "election cry" and described the $26,000,000 liability assumed by the Province on the P. G. E. project as a result of that very thing; stated that $1,000,000 had been expended in promoting Land settlement for War veterans and that $4,000,000 altogether had been expended upon returned men; declared that to complete the P. G. E. would cost at least $21,000,000 more and that his policy was to carry it to the Alberta boundary and to obtain Federal aid as being really a national work.

As to Municipal aid, he was explicit: "If we give our resources to the municipalities how are we going to carry on? You can borrow only to a limited extent; you are straining the credit of the Province at the present time. If you do not like the way my Government is carrying on you can put the burden upon someone else." At Esquimalt on the 12th Mr. Oliver spoke on the liquor question: "I consider the vote as one that liquor shall be on sale in reasonable quantities at a reasonable price, and not be abused. I have no conscientious scruples about making all I can out of the business. But of that revenue a portion should go to the municipalities; the cost of enforcing the law and keeping offenders in gaol should be another charge; the sale of liquor to those under 21 should be prohibited." A municipal delegation waited upon the Premier at Victoria on Nov. 15 and presented Resolutions of a current meeting of Delegates in the city and of the recent gathering of the B.C. Municipal Union at Nelson requesting the Government to (1) assume the cost of administration and maintenance of the Schools of the Province, and (2) of the Public Hospitals; (3) to grant the Cities and Municipalities a fair proportion of the revenue derived from Motor licenses and Amusement Tax.

Mr. Oliver would do no more than promise consideration if returned to power. During these weeks the Premier addressed many meetings at widely separated points in this Province of vast distances; he spent some of the last few days of the campaign in his riding of Delta where he ran as well as in Victoria. At a last meeting in Vancouver on Nov. 29 he denounced the "financial profligacy" of the late Bowser Government and stated that he had not opposed Conscription except that conscription of men and wealth should have gone together; on the eve of the elections he refused to promise the municipalities anything and described the Conservative policy as a bribe. The other Ministers also spoke frequently at many points with Hon. Mr. Farris a popular figure in this respect; Mrs. Ralph Smith addressed several meetings for the Government—as did Mrs. C. E. Spofford of Victoria; the Hon. Mr. Hart on Nov. 24 presented in Victoria his proposal for a Provincial Bank; Sir C. H. Tupper, K.C., (Cons.) wrote Mr. Farris during the campaign deploring unfair attacks upon him with respect to the administration of the Prohibition Act and stating that no Government could enforce an Act so generally condemned—though the effort had been strongly made.

The Hon. W. J. Bowser, ex-Premier and Conservative leader, fought a vigorous battle. He spoke frequently and in many places—following up a succession of speeches in the summer—and always with force. At Vancouver, where he was a candidate, Mr. Bowser stated on Nov. 2nd that if returned to power he would pass a Moderation Bill under which liquor would be sold by the Government and the Government alone—with a strict audit, strict control, strict enforcement. His policy as to Municipal aid was a yearly *per capita* grant. At Cranbrook on Nov. 10 he declared that dismissal of the General Manager of the P.G.E. would be his first item of policy with appointment of a competent engineer to the position; he would abolish the Land Settlement Board and pass a Rural Credits Act. To a municipal delegation on Nov. 20 Mr. Bowser repeated his pledge as to a *per capita* grant but would not specify the amount; so with the matter of schools and hospitals. At Kamloops on Nov. 25 Mr. Bowser urged as to Irrigation that the Government take over the construction and maintenance of reservoirs and main canals, the laterals being controlled by water municipalities; he denounced the Oliver Government for refusal to grant oil prospecting concessions to the Imperial Government, through the D'Arcy Exploration Syndicate—a branch of the Anglo-Persian concern—and declared that, if given power, one of the first things he would do would be to remove the reserves from coal, iron and oil, and encourage prospectors to locate the hidden treasures of the hills.

At Victoria (Nov. 27) he denounced Mr. Hart's banking scheme and the Government's soldier aid policy in detail. His last address was at Vancouver on the 29th. Other items in the Conservative platform were as follows: The further encouragement of ship-building with particular reference to steel ships; aid for the systematic exploration of the iron ore deposits of the Province; encouragement to mineral development and the building of roads and trails; establishment of coaling plants in the cities; an aggressive Emigration policy by the Province's Agent-General in London; encouragement to the investment of capital in development of natural industries; recasting of the educational system of the Province so as to promote practical studies; legislation as to health, with particular reference to the preservation of child life; retrenchment and reform in the Civil Service; a curb to the growing abuse of expensive Boards and Commissions on public matters.

Such were the chief issues of the contest with 153 candidates constituting a bewildering medley of varied and mixed political stripes, seeking to fill the 47 seats. They included the two chief Parties, Farmers, Soldiers, Labour and Socialists with a large number of hypenated candidates and opinions. Three women ran in Vancouver—Mrs. Ralph Smith as a Liberal, Miss Edith Paterson, a barrister (Cons.), and Mrs. E. Crossfield, the Liberty League. In Vancouver, also, 29 candidates contested six seats and in Victoria and vicinity 23 contested six seats. There were Farmer candidates in a dozen ridings but no organized United Farmer movement; Joseph Martin sought a seat once more in Vancouver and W. W. B. McInnes, another Liberal veteran, ran in Comox as an Independent. The result was the return of the Oliver Government by 13 majority over the Conservatives but with 8 Labour or Independent votes which were somewhat uncertain. The detailed returns were as follows:

Constituency.	Candidate Elected.	Politics.	Majority.
Alberni	Richard John Burde	Independent	166
Atlin	Herbert Frederick Kergin	Liberal	90
Cariboo	John Mackay Yorston	Liberal	212
Chilliwack	Hon. Edward Dodsley Barrow	Liberal	227
Columbia	John Andrew Buckham	Liberal	204
Comox	Thomas Menzies	Independent	121
Cowichan	Kenneth Forest Duncan	Independent	113
Cranbrook	Hon. James Horace King	Liberal	36
Delta (by-election Feb. 3, 1921)	Alexander McDonald Paterson	Liberal	676
Dewdney	John Alexander Catherwood	Conservative	166
Esquimalt	Robert Henry Pooley	Conservative	473
Fernie	Thomas Uphill	Labour	158
Fort George	Harry George Perry	Liberal	353
Grand Forks	Ezra Churchill Henniger	Liberal	6
Greenwood	Hon. John Duncan MacLean	Liberal	100
The Islands	Malcolm Bruce Jackson	Liberal	100
Kamloops	Frederick William Anderson	Liberal	209
Kaslo	Fred Lister	Conservative	16
Lillooet	Archibald McDonald	Conservative	126
Nanaimo	Hon. William Sloan	Liberal	199
Nelson	William Oliver Rose	Conservative	469
Newcastle	Samuel Guthrie	Labour	280
New Westminster	David Whiteside	Liberal	369
North Okanagan	Kenneth Cattanach MacDonald	Liberal	267
North Vancouver	George Samuel Hanes	Independent	1,501
Omineca	Malcolm Alexander Manson	Liberal	357
Prince Rupert	Hon. Thomas D Pattullo	Liberal	804
Revelstoke	William Henry Sutherland	Liberal	Acclamation
Richmond	Thomas Pearson	Conservative	151
Saanich	William Kemble Esling	Labour	18
Rossland	Frederick Arthur Pauline	Liberal	102
Similkameen	William Alexander McKenzie	Conservative	90
Slocan	William Hunter	Conservative	97

Constituency.	Candidate Elected.	Politics.	Majority.
South Okanagan	James William Jones	Conservative	449
South Vancouver	Robert Henry Neelands	Labour	811
Trail	James Hargrave Schofield	Conservative	467
Vancouver City	William John Bowser	Conservative	1,229
do	Hon. John W. de B. Farris	Liberal	271
do	Archibald Malcolm Macdonald	Liberal	605
do	Ian Alastair Mackenzie	Liberal	1,290
do	James Ramsay	Liberal	57
do	Mrs. Mary Ellen Smith	Liberal	3,670
Victoria City	Rev. Canon Joshua Hinchliffe	Conservative	289
do	Joseph Badenoch Clearihue	Liberal	381
do	Hon. John Hart	Liberal	465
do	Hon. John Oliver	Liberal	1,193
Yale	John McRae	Conservative	176

All the Ministers were re-elected as was Mr. Bowser; the outstanding majority and vote was that of Mrs. Ralph Smith in Vancouver where she received 17.510 votes—4,000 more than any other candidate in the city or Province. Rev. Canon Hinchliffe (Cons.) was elected in Victoria and Rev. Thomas Menzies (Ind.) in Comox; Hon. Thomas Keen, Speaker of the late House, was defeated in Kaslo.

It may be added here that the small electorate of the Yukon Territory voted on Feb. 25, 1920, as to (1) the sale of liquor in licensed premises and (2) its sale through Government agencies. Those who voted in the negative to both questions numbered 566; the votes in favour of license were 232 and in favour of Government control 151. Those who answered both questions in the affirmative numbered 150. The Council of the Territory therefore passed a Prohibitory law, and by Resolution requested the Government of Canada to refer the question of stopping importation to the electors; the time was fixed for July 11, 1921. The mineral production of this great gold region of the past was $1,512,006 in 1920.

CANADIAN OBITUARY FOR 1920

Name.	Description.	Place of Death.	Date of Death.
Antliff, M.A., D.D., Rev. J. Cooper	Distinguished Methodist Divine	Montreal	Dec. 24
Baker, EX.-M.P., EX.-M.L.A., Edgar Crow	Well-known politician	Victoria	Nov. 3
Banks, William	Well-known newspaper man	Toronto	Mch. 15
Barclay, D.D., LL.D., Rev. James	Eminent Presbyterian Divine	Keswick, England	Mch. 18
Barry, Rt. Rev. Thomas Francis	Roman Catholic Bishop of Chatham	St. John	Jan. 19
Beazley, Major Ernest Henry	Well-known business man	Vancouver	May 24
Benson, C.M.G., Maj.-Gen. Thomas	O.C. Military District No. 6, Halifax	Victoria	Sept. 16
Blackburn, Walter J.	Prominent newspaper man and well-known sportsman	London	Jan. 1
Bond, Lieut.-Col. Frank	Well-known stock broker and militia man	Montreal	Nov. 21
Birkett, Thomas	Ex-Mayor of Ottawa	Ottawa	Oct. 21
Bronson, Hon. Erskine Henry	Pioneer lumberman and well-known politician	Ottawa	Oct. 19
Brown, Charles A. B.	Prominent in commercial circles and President Canadian National Exhibition	Toronto	April 10
Bruce, M.A., K.C., Alexander	Prominent lawyer and financier	Toronto	Aug. 20
Bryce, Mrs. George (Marion Samuel)	Well-known in Western Canada	Winnipeg	Oct. 8
Busteed, K.C., Lieut.-Col. Botsford	Well-known lawyer and military man	Montreal	Mch. 24
Cameron, Donald M.	Ex-president of Canadian Club and prominent business man	Hamilton	Sept. 26
Cameron, R.R.C., Nancie Sophia Ellis Tupper	Distinguished in Canadian Army Nursing Service	Inverness, Scot.	Aug. 7
Cartwright, Rev. Conway	Chaplain at Portsmouth Penitentiary	Vancouver	Jan. 26
Clark, M.D., Calvin Day	Assistant Secretary Medical Board, I.O.F.	Toronto	July 14
Cole, D.S.O., Lieut.-Col. Frederick Minden	Well-known military man; Officer Commanding No. 1 Canadian Heavy Artillery	Montreal	July 7
Comfort, M.D., John Henry	Prominent Physician	Port Dalhousie	Sept. 6
Cory, Thomas	Manitoba Pioneer	Winnipeg	Sept. 30
Courtney, C.M.G., I.S.O., John Mortimer	For many years Deputy Minister of Finance	Ottawa	Oct. 8
Cowan, Richard James	Prominent business man	Oshawa	Feb. 12
Crerar, Mrs. John	A leader in social, patriotic, philanthropic and religious work	Hamilton	Nov. 22
Cronyn, Verschoyle	Prominent business man	London	June 2
Crozier, M.D., John Beattie	Noted physician, philosopher, historian and political economist	London, England	Jan. 8
Day, Robert Scott	Well-known engineer and public man	Victoria	Dec. 5
Daly, K.C.M.G., EX.-M.P., Sir Maclachy Bowes	Ex.-Lieut.-Governor of Nova Scotia	Halifax	Apr. 26
Davidson, K.C., N. Ferrar	Well-known lawyer and active social worker	Toronto	Jan. 16
Davidson, K.C., Lieut.-Col. William Hughes	Well-known lawyer and militia officer	Quebec	Oct. 28
Davidson, B.A., B.C.L., K.C., Lieut.-Col. Peers	Distinguished lawyer and O.C. 5th (Royal Highlanders) Battalion in the Great War	Paris, France	July 20
Dennis, The Hon. William	Senator of Canada; proprietor *Halifax Herald*	Boston U. S.	July 12
Denton, K.C., Frank	Prominent barrister	Toronto	June 24
De Sola, Clarence J.	Well-known shipbuilder; Belgian Consul at Montreal	Boston	May 10
Doherty, M.D., Lieut.-Col. Charles Edward	Superintendent of New Westminster Asylum	New Westminster	Aug. 14
Douglas, M.D., D.D., ex-M.P., Hon. James Moffatt	Senator of Canada, and one time Presbyterian clergyman	Winnipeg	Aug. 19
Dunsmuir, ex.-M.L.A., Hon. James	Ex.-Premier and one-time Lieut.-Governor of British Columbia	Cowichan	June 6
Dwyer, M.D., Robert Joseph	Well-known physician	Toronto	Jan. 26
Ellis, M.D., LL.D., F.R.S.C., William Hodgson	Formerly Dean of the Faculty of Applied Science, University of Toronto	Lake Joseph, Muskoka	Aug. 23

Name.	Description.	Place of Death.	Date of Death
Evans, D.D., D.C.L., Very Rev. Thomas Frye Lewis	Anglican Dean of Montreal	Montreal	Oct. 4
Falconbridge, M.A., Hon Sir Wm. Glenholme	Chief Justice of the King's Bench of Ontario	Toronto	Feb. 8
Farley, K.C., John	Well-known barrister	St. Thomas	July 10
Fell, K.C., Thornton	43 years Clerk of the B.C. Legislative Assembly	Deep Cove, B.C.	Apr. 1
Flanders, Rev. Dr. Charles R	Principal Stanstead College, Quebec	Winnipeg	Nov. 9
Fraser, John Henry	Pioneer and well-known business man	Regina	Oct. 21
Galbraith, M.C., Major Douglas	Prominent in Overseas service	Toronto	Sept. 12
Gallery, Ex.-M.P., Daniel	Prominent in Municipal and Federal politics	Montreal	Nov. 9
Galloway, Lieut.-Col. James	A veteran in the Militia	Kingston	May 19
Gibson, Joseph	Prominent Conservative and Imperialist; Postmaster of Ingersoll since 1882; President of the Dominion Alliance	Ingersoll	Dec. 2
Girling, Rev. Herbert	Anglican Missionary to the Eskimos of Coronation Gulf	Ottawa	Feb 11
Glendinning, Henry	Past Master of the Dominion Grange	Manilla, Ont.	Feb. 19
Goodeve, Ex.-M.P., Ex.-M.L.A., Arthur Samuel	Member of Board of Railway Commissioners	Toronto	Nov. 23
Goudge, M.L.C., Hon. Monson H.	President of the Legislative Council of Nova Scotia	Windsor, N.S.	Mch. 1
Grant, M.D., K.C.M.G., Sir James Alexander	Distinguished physician and last surviving member of the first Parliament of Canada	Ottawa	Feb. 7
Gwillim, B.Sc., John Cole	Professor of Mining at Queen's University	Kingston	Aug. 19
Halcrow, Gideon	Hudson Bay Factor—with Company for fifty years	Rochester	May 6
Hall, M.D., John B.	Well-known Homeopathic physician	Toronto	Nov. 25
Hamilton, M.D., Herbert J.	Senator of Toronto University	Toronto	Feb. 5
Helmer, C.M.G., Brig.-Gen. Richard Alexis	Director-General of Musketry	Ottawa	Jan. 31
Hewitt, D.Sc., F.R.S.C., Charles Gordon	Dominion Entomologist	Ottawa	Mch. 1
Jacobs, Rabbi Solomon	Well-known Jewish Minister	Toronto	Aug. 6
Jetté, K.C.,M.G., D.C.L., LL.D., Hon. Sir Louis Amable	Ex.-Chief Justice of the Court of King's Bench, Quebec; one-time Lieut.-Governor of Quebec and member of the Alaskan Boundary Commission	Quebec	May 5
Judge, Edgar	Prominent in commercial, religious and political circles	Montreal	Nov. 6
Junkin, Robert	Well-known Insurance man	Toronto	May 3
Kaufman, Jacob	Pioneer manufacturer	Kitchener	Apr. 20
Kilborn, M.A., M.D., D.D., Rev. Omar Leslie	Methodist Medical Missionary to West China	Toronto	May 18
Kingsford, K.C., Rupert Etheridge	Lawyer, author, military man, and Assistant Police Magistrate	Toronto	Oct. 6
Lamb, Daniel	Well-known business man	Toronto	Aug. 26
Lapalme, Beatrice	French-Canadian grand opera singer	Montreal	Jan. 9
Lapointe, M.P., Louis Audet	Well-known politician and Alderman of Montreal	Montreal	Feb. 7
Laferriere, M.C., Capt. Louis Septime	Distinguished officer in Great War; Secretary Agent-General for Quebec	London, England	May 21
Langford, Rev. Alexander	Distinguished Methodist Minister	Cobourg	May 19
Lash, K.C., LL.D., Zebulon Aiton	Eminent lawyer; Vice-president Canadian Bank of Commerce	Toronto	Jan. 24
Legal, O.M.I., D.D., Most Rev. Emile Joseph	R. C. Archbishop of Edmonton	Edmonton	Mch. 10
Leithhead, Alfred	Prominent newspaper man	Montreal	Dec. 23
Leslie, Lieut.-Col. John Knox	Well-known in business and militia circles	Toronto	Jan. 23
Lighthall, William Francis	Distinguished in the Notarial profession for 73 years	Montreal	May 9
Lindsay, B.A., K.C., George Goldwin Smith	Well-known mining authority and sometime Legal Advisor to China	Toronto	May 27
Livingston, Ex.-M.P., James	Prominent manufacturer	Kitchener	April 14
Long, Ex.-M.L.A., Thomas	Well-known financier	Toronto	Oct. 9

Name.	Description.	Place of Death.	Date of Death.
Magann, George Plunkett	Contractor and Manufacturer	Toronto	Feb. 13
Macdonald of Earnscliffe, Susan Agnes Bernard, Baroness	Widow of the late Sir John A. Macdonald, Prime Minister of Canada	London	Sept. 5
Macdonald, K.C., Lieut. Col. Archibald Henry	Crown Attorney for Wellington Co.	Guelph	Feb. 13
Macdonald, D.D., Rt. Rev. William Andrew	R.C. Bishop of Alexandria, Ont	Cornwall	Nov. 10
Macdonald, K.C.M.G., I.S.O., Brig.-General, Sir Donald Alexander	Former Quartermaster-General of the Canadian Militia Forces	Ottawa	May 4
MacKay, K.C., M.L.A, Hon. Alexander Grant	Minister of Health and Municipal Affairs, Alberta; formerly Liberal Leader in Ontario	Edmonton	Apr. 25
MacKay, Eben	Professor of Chemistry in Dalhousie University	Halifax	Jan. 7
MacInnes, Malcolm V.	Chief Canadian Government Agent in United States	Detroit	Nov. 20
Mackenzie, D.C.L., Ven. Archdeacon Gaden Crawford	Prominent English Church Divine	Toronto	Mch. 20
Macoun, C.M.G., James M.	Chief of Biological Division Dominion Geological Survey	Ottawa	Jan. 8
Macoun, F.R.S., F.L.S., John	Dominion Naturalist	Ottawa	July 18
MacWatt, Daniel Fraser	Senior Judge of County of Lambton	Sarnia	Feb. 12
McElroy, ex-M.L.A. Robert Herbert	Registrar of Carleton County	Ottawa	Jan. 20
McIntyre, K.C., Duncan John	Late Junior Judge of the County of Ontario	Whitby	Sept. 8
McIntyre, ex-M.L.A., P. C.	Postmaster and Financier	Winnipeg	Oct. 30
McLeod, ex-M.P., Sir Ezekiel	Retired Chief Justice of the Supreme Court of New Brunswick	Hampton, N.B.	June 11
McLeod, B.A., K.C., M.P., EX-M.L.A., Colonel the Hon. Harry Fulton	Formerly Solicitor-General and Provincial Secretary of New Brunswick	Fredericton	Jan. 7
Melvin-Jones, Lady (Louisa S. Irwin)	Widow of late Sir Lyman Melvin-Jones	Toronto	Aug. 24
Molson, Dr. William Alexander	Prominent Physician	Montreal	Jan. 4
Morgan, Edward	Junior County Judge	Toronto	Aug. 31
Mosher, Austin	Well-known Political Journalist	Montreal	Oct. 29
Moss, K.C., John Henry	Well-known Lawyer	Toronto	Feb. 10
Moyna, Very Rev. Dean	Distinguished Catholic Priest	Toronto	Sept. 8
O'Reilly, M.D., Charles	30 years Medical Superintendent Toronto General Hospital	Toronto	May 3
Parent, LL.D., D.C.L., K.C., Hon. Simon Napoleon	Premier of Quebec, 1900–05	Montreal	Sept. 7
Pascal, O.M.I., Mgr. Albert	1st Bishop of the Diocese of Prince Albert	Ax en Provence France	July 14
Peck, John	Prominent Manufacturer	Montreal	May 26
Pedley, Frank	One-time Superintendent of Immigration; for some years Deputy Minister of Indian Affairs	Ottawa	Dec. 14
Pereira, Lynwode Charles	Secretary of the Ottawa Department of Interior	Ottawa	Dec. 31
Prince, ex-M.L.A., Hon. Joseph Benjamin	Senator of Canada	Saskatoon	Oct. 26
Pringle, B.A., Hon. Roderick Harold Clive	Senator of Canada	Ottawa	May 2
Prior, ex-M.L.A., ex-M.P., Colonel the Hon. Edward Gawler	Lieut-Governor of British Columbia; one-time Premier of the Province	Victoria	Dec. 12
Rice, Omer Franklin	Toronto Manager Imperial Bank of Canada	Toronto	Feb. 14
Rice, M.D., Allan Gordon	Divisional Surgeon Grand Trunk Railway	Toronto	May 20
Richardson, D.D., Rev. Peter Leitch	Douglas Professor of Theology in Wesleyan College Montreal	Brockville	Feb. 15
Ritchie, M.A., LL.D., C Forsythe	Well-known Barrister	Toronto	Feb. 7
Robertson, D.D., Rev. Andrew	Prominent Presbyterian Minister	Toronto	July 3
Robinette, K.C., Thomas Cowper	Eminent Criminal Lawyer	Toronto	Mch. 14
Rogers, Elias	Prominent in Financial and business Circles; President National Life Insurance Co.	Toronto	Apr. 11
Ross, (Mildred Peel), Lady	Sculptor and artist and widow of Sir George W. Ross	Santa Barbara, Cal.	Feb. 29

Name.	Description.	Place of Death.	Date of Death.
Routhier, K.C., LITT. D., LL.D., Sir Adolphe Basile	Judge of the Vice-Admiralty Court; noted jurist and author of "O Canada"	St. Irene-Les Bains, Que	June 27
Russell, B.A., D.D., Rev. Walter	Presbyterian Evangelist	Montreal	May 22
Scott, B.A., William	Principal of Toronto Normal School since 1899	Toronto	Mch 1
Shatford, M.L.A., Hon. Lytton Wilmot	Senator of Canada	Vancouver	Nov. 8
Simpson, M.A., D.C.L., Rev. Canon James	Well-known Anglican Divine	St. John	Nov. 30
Slack, Edward F.	President, Canadian Press, Ltd. and General Manager Montreal Gazette	Montreal	Feb. 15
Strachan, D.D., Rev. Daniel	Prominent Presbyterian Clergyman	Toronto	Mch 3
Sullivan, Knt. Sir William Wilfrid	Retired Chief Justice of Prince Edward Island	Memramcook	Sept. 30
Temple, Robert Hancock	One-time President Toronto Stock Exchange	Toronto	Jan. 20
Thompson, Samuel	Well-known Business Man	Toronto	Nov. 13
Tiffin, Ephriam	Well-known Railway Official	Preston	Oct. 4
Twining, K.C.M.G., C.B., M.V.O., F.G.S., Maj.-Gen. Sir Phillip Geoffrey	Director of Fortifications and Works in British War Office	London, Eng	Jan. 15
Walker, Judge David Mar	Pioneer Militia man and lawyer of Manitoba	Venice, Cal	Feb. 16
Warwick, Charles Ernest	Well-known business man	Toronto	Oct. 14
Wallbridge, Franklin S.	Prominent Barrister	Belleville	Nov. 6
Watson, Henry Morris	Ass't. General Manager of Bank of Hamilton	Toronto	June 28
Watt, James	Well-known Barrister	Guelph	Feb. 3
Wedderburn, Lieut.-Col. Frederick Vernon	Commandant 8th Hussars for many years	Moutreal	Nov. 26
Whitton, Francis H.	Well-known business man and Mauufacturer	Hamilton	Oct. 24
Willing, Thomas	Professor of Natural History, University of Saskatchewan	Saskatoon	Nov. 30
Wilson, K.C., LL.D., Matthew	Prominent Lawyer and Financier	Chatham	May 1
Woodruff, Welland Deveaux	Well-known Manufacturer	St. Catharines	Dec. 13
Worrall, D.S.O., (and bar), Lieut.-Col. Richard	14th Battalion Royal Montreal Regt.	Montreal	Feb. 14
Winkler, M.L.A., Hon. Valentine	Minister of Agriculture for Manitoba	Morden	June 7

SUPPLEMENT

Canadian Financial and Business Conditions

Annual Reports and Addresses

A GREAT CANADIAN INSTITUTION

ANNUAL ADDRESS BY PRESIDENT E. W. BEATTY
AND
REPORTS OF THE COMPANY

THE CANADIAN PACIFIC RAILWAY*

3rd Annual Address of E.W. Beatty, K. C. LL. D., President of the Company, May 4, 1921

The operations of the Company during the year, the Annual Report for which is now submitted for your approval, have been conducted under conditions which were so exceptional as to costs as to make it unique in the Company's history as well as in the transportation annals of Canada. The shareholders are aware of the general conditions, which so strongly influenced the results for the year in question, but I doubt if a full appreciation of them is possible save with a very intimate knowledge of the details, the aggregate of which is so vividly reflected upon the Company's revenues. The cost of labour, materials and fuel reached their peak during the year, and extraordinary added costs, such as high exchange and taxes, added their quota to the expenses.

The back pay which accrued before the increased freight and passenger rates became effective, amounted to a little less than seven million dollars, and the additional amount required to pay exchange on coal and other purchases, to four million dollars. The total, including provision for income taxes, involved additional costs of approximately thirteen million, five hundred thousand dollars which were charged to the expenses of the year. All these extraordinary and abnormal expenses the Company was able to absorb and pay its fixed charges and usual dividends. This result was only possible because of the excellent character of the Company's facilities provided by you in previous years at large capital expense and the possession by it of equipment used with the greatest possible efficiency, which enabled the heavy fall movement of traffic to be effected with a despatch which has rarely, I think, been equalled. I cannot speak too highly of the loyal and effective work done by the officers and men of the Company, without whose efforts such favourable results could not have been secured.

While the condition of the Company's property has never been permitted to deteriorate—due to the provision made for its upkeep to a high standard in pre-war years—there were expenditures which had to be incurred in 1920 which, except for the intensive use of equipment and the shortage of labor and material during the War, would either not have been included in the expenses for that year in their entirety or would not have had to be incurred at all.

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*Note.—For a History of the C.P.R. see Supplement to *The Canadian Annual Review* for 1911; for Lord Shaughnessy's last Presidential Address see 1918 Supplement; for Mr. Beatty's first two Presidential Addresses see the 1919 volume.

The Company's equipment was put to a great strain from 1914 to the end of 1919, and both freight and passenger business—including troop and coolie movements—was so extensive that the usual shipping programme had to be reduced because every unit was required in actual service. When these movements ceased repairs to equipment and renewals, of course, became extensive, and while I should have preferred that the work could have been postponed until price conditions were more favourable, it was necessary, unless the Company were to suffer in prestige, that the work should be gone on with as soon as possible.

About the middle of December a pronounced contraction in business took place, resulting in diminished traffic of all descriptions. This depression still continues, but by rigid economies the net results for the first three months of this year are somewhat in excess of those of the corresponding period of last year, notwithstanding the greatly increased costs of labor prevailing in 1921.

As you are aware, the parity of conditions which has existed in the United States and Canada resulted in the forced adoption in Canada of what is known as the "McAdoo Award" and amendments, and of the award of the United States Labour Board made in August, 1920. Increases in wages may have been justified at that time by the abnormal increase in the cost of living, but they were accompanied by alterations in working conditions of such a character as to impose heavy and, in the view of the companies, unnecessary burdens on the transportation agencies of North America. The combined effect of them has been to greatly increase the cost of the operations of all companies. The conditions which rendered them necessary being rapidly ameliorated, it is apparent that readjustments will be essential. The effort to secure reductions in wages and alterations in working conditions has already been commenced in the United States and is proceeding in a sane, orderly and legal manner. What is accomplished there will undoubtedly reflect on the rates of pay and working conditions in Canada. These increases in wage scales, while not the only element which entered into the increase in freight and passenger rates, were still a very outstanding and potent factor, and when the readjustment of wages takes place it is only right that the rate situation should be again reconsidered with a view to revision downward.

The rates are high, but I am not one of those who believe that the existing scale of wages and consequent high freights is responsible for the present business depression; the causes of that go much deeper than the mere standard of wages paid to any given class, and are world-wide. While reduction in wages does carry with it a reduced purchasing power in the individual, such reduced purchasing power is not represented by the difference in the scales of wages because of the general decrease in prices of the commodities to be purchased. Nevertheless, a reduction in both wages and freight rates would have a pronounced and beneficial effect on the general sentiment in the country through the encouragement it would give and the confidence that normal conditions had been more nearly reached.

The general trade depression has, of course, reflected itself in the results during the present year's operations of the Company's steamers, but the passenger business is well maintained and the prospects of immigration on a large scale are very promising. The construction of the new steamers for the Atlantic and Pacific, to which reference is made in the Annual Report, has been very seriously delayed by the Joiners' Strike in Great Britain, which is still apparently far from settlement and which will defer the delivery of these steamers until at least the end of the present year. These ships are of a class that would render great service during the summer and autumn of this year, and the fact that they will not be available is to be regretted. As both the direct and indirect benefits of a continuance of an adequate service are very great it may desirable to purchase other ships, if these can be obtained at moderate prices.

As indicated in the Annual Report, your finances are in excellent shape. While the balance in the Bank is not, of course, as large as it was at the end of the last fiscal year, the amount is nevertheless a very substantial one, and there is still unissued or undisposed of over Sixty-seven Million Dollars of Consolidated Debenture Stock the issuance of which has been hertofore authorized or that you will be asked to sanction at this Meeting. Even in the trying times during and immediately succeeding the War the progression of the Company has been steady and sure, and the Assets Statement shows an increase since 1914 of an amount in excess of One Hundred and Seventy Million Dollars.

Your Directors have recently accepted a proposal for the acquisition by London, England, interests of a substantial amount of Four Per Cent. Consolidated Debenture Stock at a price which was very favourable. This is the first application for the acquisition of Debenture Stock from England since the outbreak of hositlities in 1914, and, in the opinion of your Directors, is an incident of the utmost significance as indicating the resumption of interest in your principal capital security in Great Britain. It may conceivably be the first step towards the re-establishment of a market in England for the ranking securities of the Company which cannot but have an important influence on its future financing.

As explained in the Annual Report, you will be asked at the special general meeting to be held immediately after this Meeting to approve the issuance of Bonds, Debentures or other securities collateral to Consolidated Debenture Stock which the Company is or may hereafter be empowered to issue and to the same amount, such securities to be payable in such currency and at such times and places and bearing such interest as your Directors may think proper. While it is not easy to designate in advance the exact purposes for which money may be from time to time required, it is thought by your Directors that your approval should be asked to the creation and issue of such securities as will enable them as conditions warrant to provide money for extensions and new steamers and also restore the cash reserves of the Company, substantial amounts of which have, during the last few years, been expended on Capital Account.

The Company's enterprise is now so extensive that in providing for normal and proper expansion large sums of money are quickly absorbed. You will, I feel sure, recognize the desirability of having your financial arrangements in such shape that your Directors can, without avoidable delay, secure funds for your purposes at intervals as circumstances may justify or require, and to that end will invest them with the proposed powers.

While the period of rigid economy and retrenchment has not yet passed, your Directors do not look forward to an indefinite continuance of the present commercial depression. Certain basic elements in cost have yet to be reduced, but the stimulus of restored confidence and commercial activity is not, I think, in the distant future. When it is reached and traffic approaching normal is resumed, the full effect will be felt on the Company's operations. Over-expansion and consequent financial embarrassment have caused in many localities a pessimism which is not warranted by the fundamental soundness of Canadian conditions and the country's almost unlimited natural wealth.

I have the most implicit faith in the ability of the Company to satisfy all the public demands which may be made upon it, and to meet, with credit to itself and advantage to your interests, the steadily advancing commercial and transportation requirements of Canada.

40th ANNUAL REPORT OF THE COMPANY

The accounts of the Company for the year ended December 31st, 1920, show the following results:—

Gross Earnings		$216,641,349.30
Working Expenses (including all taxes)		183,488,304.70
Net Earnings		$33,153,044.60
Deduct Fixed Charges		10,775,408.99
Surplus		$22,377,635.61
Contribution to Pension Fund		500,000.00
		$21,877,635.61
From this there has been charged a half-yearly dividend on Preference Stock of 2 per cent., paid October 1st, 1920	$1,613,638.42	
And three quarterly dividends on Ordinary Stock of 1¾ per cent. each, paid June 30, 1920, October 1st, 1920, and December 31, 1920	13,650,000.00	
		15,263,638.42
		$6,613,997.19
From this there has been declared a second half-yearly dividend on Preference Stock of 2 per cent., payable April 1st, 1921	$1,613,638.42	
And a fourth quarterly dividend on Ordinary Stock of 1¾ per cent., payable April 1st, 1921	4,550,000.00	
		6,163,638.42
Leaving net surplus for the year		$450,358.77

In addition to the above dividends on Ordinary Stock, three per cent. was paid from Special Income

SPECIAL INCOME FOR YEAR ENDED DECEMBER 31st, 1920

Balance at December 31st, 1919	$17,363,844.27	
Less: Dividend paid April 1st, 1920	1,950,000 00	$15,413,844.27
Net Revenue from Investments and Available Resources, Exhibit "C"		2,436,717.25
Interest on Deposits, Interest and Dividends and other Securities less Exchange		2,057,327.93
Net Earnings Ocean and Coastal Steamship Lines		2,741,146.12
Net Earnings Commercial Telegraph and News Department Rentals and Miscellaneous		3,731,256.51
		$26,380,292.08
Less: Payments to Shareholders in dividends: June 30th, 1920, October 1st, 1920, and December 31st, 1920		5,850,000.00
		$20,530,292.08
From this a dividend has been declared payable April 1st, 1921		$1,950,000.00

2. The working expenses for the year, including all taxes, amounted to 84·70 per cent. of the gross earnings, and the net earnings to 15·30 per cent., as compared with 81·39 per cent. and 18.61 per cent. respectively in 1919.

The gross earnings of your transportation system during the fiscal year under review exceeded those of 1919 by $39,712,289, and the net earnings by $220,008. This large addition of $39,492,281 in working expenses is due to the enforced application in Canada of what is known as "The Chicago Wage Award," which added approximately $12,000,000 to the pay rolls for the year; the increase in the cost of fuel and materials and the charging of the year's Federal taxes into operating expenses, where they properly belong. The heavy and rapid movement of freight during October and November and the first half of December under the tariffs prescribed by the Railway Commission and effective on September 13, enabled your Company to absorb these expenses and earn its usual charges, dividends and a modest surplus. While, for the reasons mentioned, the net earnings are not commensurate with the volume of business transacted, still in the opinion of your Directors the year's operations must be regarded as satisfactory and compare most favourably with those of any other system on the American continent.

4. The sales of agricultural land in the year were 468,390 acres for $9,592,706.95, being an average of $20.48 per acre. Included in this area were 47,848 acres of irrigated land which brought $50.43 per acre, so that the average price of the balance was $17.07 per acre.

5. During the year your Directors disposed of $8,000,000 of Four per cent. Consolidated Debenture Stock to the British Government pursuant to arrangements previously made at the time of the deposit of $40,000,000 of the Stock with the British Treasury in 1917. The balance of the Stock deposited, namely, $32,000,000, has been returned to the Company and is available for sale or other disposition as circumstances warrant.

6. As indicated in the last annual report, and with your approval, your Directors during the year issued $12,000,000 of Equipment Trust Notes for the purpose of acquiring necessary additions to your Company's rolling stock.

7. Your approval was obtained in 1919 and 1920 to the construction, as conditions warranted, of branch line mileage in Western Canada amounting in the aggregate to 822 miles, and during the year under review 100 miles of track of this authorized mileage have been laid. While extensive new construction is not under the present conditions advisable, your Directors are of the opinion that a moderate amount of construction should be proceeded with during the coming year in order that the full value of the lines already under construction should be realized and that the settlers in the districts to be served should obtain the railway facilities so necessary to their prosperity. The Branch Lines heretofore approved are in good territory and well located to become revenue producing.

8. Your approval will be asked to the construction of an extension of the Suffield South-westerly Branch from Lomond, a distance not exceeding thirty miles, and for the issuance and sale of a sufficient amount of Four per cent. Consolidated Debenture Stock to meet the expenditure.

9. Four steamers for Atlantic and Pacific Service previously contracted for are now being built for the Company, namely:—"Empress of Canada"; "Montrose"; "Montcalm"; "Montclare"; and the "Koenig Friedrich August" has been purchased. An additional ship for British Columbia Coast Service, required because of the loss of the "Princess Sophia" and "Princess Irene", and the sale of the "Princess May" and "Princess Margaret," is also under construction. The estimated cost of these six ships is $31,175,000, of which $18,733,138 was paid up to 31st December 1920. The estimated capital requirements on this account for the year and including the amount required for the completion of the payments on the "Koenig Friedrich August" purchased, amount to, approximately, $12,200,000. Your approval will be asked to the issuance and sale of a sufficient amount of Consolidated Debenture Stock to meet the expenditure for these vessels. During the year, the S. S. "Sardinian," built in 1875, was sold.

10. In anticipation of your confirmation your Directors authorized capital appropriations, in addition to those approved at the last annual meeting, aggregating, for the year 1920, $3,246,318, and, subject to your approval, have authorized expenditures on capital account during the present year of $4,316,236—of this amount the principal items are:—

Replacement and enlargement of structures in permanent form	$509,624
Additional stations, roundhouses, freight sheds and shops and extensions to existing buildings	398,158
Tie plates, rail anchors, ballasting, ditching and miscellaneous betterments	35,700
Replacement of rail in main and branch line tracks with heavier section	1,000,000
Additional terminal and side-track accommodation	377,292
Extension work on Chateau Frontenac Hotel	853,000
Lining of Connaught Tunnel	400,000
Improvements in connection with Telegraph Service	55,033
Mechanical Department, machinery at various shops	30,950

The balance of the amount is required for miscellaneous works to improve facilities over the whole system and effect proper economies.

11. In view of the importance to the Company in its personnel and the value to Canada in the development of its resources and industry through the increase in the number of trained technical men, your Directors authorized a subscription to McGill University Endowment of $250,000, and to the University of Montreal of $50,000 payable in annuali nstallments. Contributions of $10,000 to the Salvation Army and $5,000 to the work of the Y. M. C. A. were also authorized. The value of the work of the Salvation Army and the Young Men's Christian Association to the Company and its employees is of direct and indirect importance.

12. At the request of the Government of Alberta, and in order to ensure proper railway service in the districts served by the Edmonton, Dunvegan and British Columbia and Central Canada Railway Companies, your Directors have entered into an agreement with these companies, their stockholders, the Union Bank of Canada, and the Province of Alberta, for the operation, for a period of five years from the Twenty-first day of July 1920, of the properties of the Edmonton, Dunvegan and British Columbia and Central Canada Railway Companies. The remuneration is the payment to your Company of 15 per cent. of the revenues in excess of working expenses, payable out of profits after payment of fixed charges, and an agreement giving your Company an option to purchase the capital stock on the terms set out in the agreement at any time during the period of five years. The agreement provides that the necessary capital for improvements and betterments to the lines shall be loaned by the Government to the Companies to be operated, and it is estimated that an amount of $2,500-000 will be required for this purpose, of which $1,000,000 has already been provided. The value of the arrangement to your Company is that it enables an accurate appreciation to be obtained of the probable development of the country, and the present and prospective value of the properties as traffic contributors to your Company's system. The arrangement is likewise equally desirable from the standpoint of the people of Alberta in that it enables the benefit of a proper railway organization to be obtained and proper railway economies to be affected under the direction of your Company's officers, and at the same time permits the development of the North Country to be aided to the fullest possible extent and gives to present and incoming settlers the railway facilities so essential to their success.

13. In order to ensure the development of that portion of the Province of Quebec situated South and East of Lake Timiskaming, your Directors have entered into an agreement with the Province for the construction by your subsidiary, the Interprovincial and James Bay Railway Company, of a railway extending from Kipawa to Des Quinze River, with a branch to Ville Marie, having a total mileage of 76 miles. Subsidies of $8,000 a mile in cash for 66 miles and 4,000 acres of land per mile of the entire railway have been voted, which will, of course, substantially reduce the cost of construction to the Company. A producive agricultural area of large

extent and valuable timber lands will be opened and served through the construction of this railway.

14. The Preference Stock of the Company deposited with the British Treasury was returned to the owners on the First of October, 1920, and the Common Stock on the Thirty-first of December. The position of the holdings of Common Stock as of March First of this year was as follows:—

	Shares	Percentages
United Kingdom	1,242,837	47·80
Canada	460,838	17·73
United States	626,510	24·10
France	79,123	3·04
Other holdings	190,692	7·33
	2,600,000	

15. During the last six and a half years the Company has expended on Capital Account, $88,000,000; and during the same period the proceeds of the sale of capital issues amounted to $26,282,000, exclusive of the recent Equipment Issue of $12,000,000, the proceeds of which have not as yet been received in full because of the non-completion of the rolling stock under contract for construction. In consequence of these large expenditures, the demands upon the Company's cash reserves have been extensive, while the surpluses from railway operations during the past three years, for reasons with which the Shareholders are entirely familiar, have been merely nominal. As indicated in this report, the capital requirements for 1921, exclusive of payments on steamships and the continuance of branch line construction, will be very moderate. No extensive works are contemplated in the East, save the commencement of the Interprovincial and James Bay Railway, previously referred to, and the continuance of the work on the extensions to the Chateau Frontenac which it is expected will involve the expenditure of $853,000 during the present year.

The amount of unissued Consolidated Debenture Stock for the issuance of which your authority has already been given, is $36,000,000, and the amount issued and undisposed of is $32,000,000 a total of $68,000,000. The capitalization of the Company is conservative and even low, and this has been accomplished largely through the utilization of surpluses in betterments and improvements which would normally have been paid out of the proceeds of capital issues. While capital expenditures for the immediate future will be curtailed and the resumption of works requiring large amounts of money will be deferred until a decided improvement in business conditions furnishes warrants for incurring them, your Directors consider that it will be desirable that a portion of the cash reserves expended on Capital Account should be restored within a short time and, to this end, in order to implement and extend the powers of the Company to issue forms of securities other than those it is already empowered to issue and which are more appropriate to present market conditions, have made application for an amendment to the Company's charter permitting the issuance of bonds, debentures or other securities, collateral to or in lieu of any Consolidated Debenture Stock which the Company is or may hereafter be empowered to issue and for the same amount, such securities to be payable in such currency, at such times and places, and bearing such interest as your Directors may think proper. As mentioned in the notice to Shareholders, the annual general meeting will be made special for the purpose of authorizing, if approved, the issuance of such securities.*

16. The Note Certificates of the Company issued in 1914 for $52,000,000 will fall due on March 2nd, 1924. Your Directors are glad to be able to advise the Shareholders that ample provision has been made for the retirement of these Notes at maturity.

17. Your Directors desire to express their appreciation of the loyal and efficient services of the officers and men of the Company, which have permitted it to perform its functions as a common carrier with credit to itself and satisfaction to the public, and have resulted in returns from the year's operations which, under the difficult conditions existing, cannot but be regarded as highly gratifying to the Shareholders.

18. The undermentioned Directors will retire from office at the approaching annual meeting. They are eligible for re-election:

MM. EDWARD W. BEATTY
HON. FREDERICK L. BEIQUE, K. C.
MR. CHARLES R. HOSMER
HON. WM. J. SHAUGHNESSY, K. C.

For the Directors,
E. W. BEATTY,
PRESIDENT.

MONTREAL, MARCH 14, 1921.

ASSETS

PROPERTY INVESTMENT:		
Railway, Rolling Stock Equipment and Lake and River Steamers		$567,283,037.04
OCEAN AND COASTAL STEAMSHIPS, Exhibit "A"		43,695,645.26
ACQUIRED SECURITIES (COST):		
Exhibit " B"		124,469,836.18
ADVANCES TO CONTROLLED PROPERTIES AND INSURANCE PREMIUMS		10,134,550.14
INVESTMENTS AND AVAILABLE RESOURCES:		
(Including amount held in trust for 6% Note Certificates $60,197,030 76).		
Deferred Payments on Land and Townsites	$70,968,761.54	
Imperal and Government Securities	33,916,466.81	
Provincial and Municipal Securities	2,016,721.29	
Debenture Stock in Treasury	32,000,000.00	
Miscellaneous Investments, Exhibit "C," Cost	35,056,459.66	
Assets in Lands and Properties, Exhibit "D"	91,977,838.03	
Cash	6,871,549.71	
		272,807,797.04
WORKING ASSETS:		
Material and Supplies on Hand.	$33,734,639.66	
Agents' and Conductors' Balances	4,298,448.79	
Net Traffic Balances	6,011,475 62	
Imperial, Dominion and United States Governments, Accounts due for Transportation, etc.	1,110,084.55	
Miscellaneous Accounts Receivable	11,751,730.11	
Cash in Hand	30,090,941.24	
		86,997,319.97
		$1,105,388,185.63

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*Note.—This authority was duly accorded

LIABILITIES

Capital Stock:		
Ordinary Stock	$260,000,000.00	
Four Per Cent. Preference Stock	80,681,921.12	
		$340,681,921.12
Four Per Cent. Consolidated Debenture Stock		216,284,882.10
Mortgage Bonds:		
Algoma Branch 1st Mortgage 5 per cent		3,650,000.00
Note Certificates 6 Per Cent		52,000,000.00
Current:		
Audited Vouchers	19,429,625.95	
Pay Rolls	4,886,048.37	
Miscellaneous Accounts Payable	13,376,745 54	
		37,692,419.86
Accrued:		
Rentals of Leased Lines and Coupons on Mortgage Bonds		648,855.71
Equipment Obligations	18,550,000.00	
Less Balance on hand with Trustees	10,979,600.00	
		7,570,400.00
Reserve and Appropriations:		
Equipment Replacement	4,230,786.45	
Steamship Replacement	22,922,912.60	
Reserve Fund for Contingencies and for Contingent War Taxes	49,160,236.19	
		76,313,935.24
Premium on Ordinary Capital Stock Sold		45,000,000.00
Net Proceeds Lands and Townsites		96,610,805.14
Surplus Revenue from Operation		127,725,728.35
Special Reserve to meet Taxes imposed by Dominion Government		3,144,249.81
Surplus in other Assets		98,064,988.30
		$1,105,388,185.63

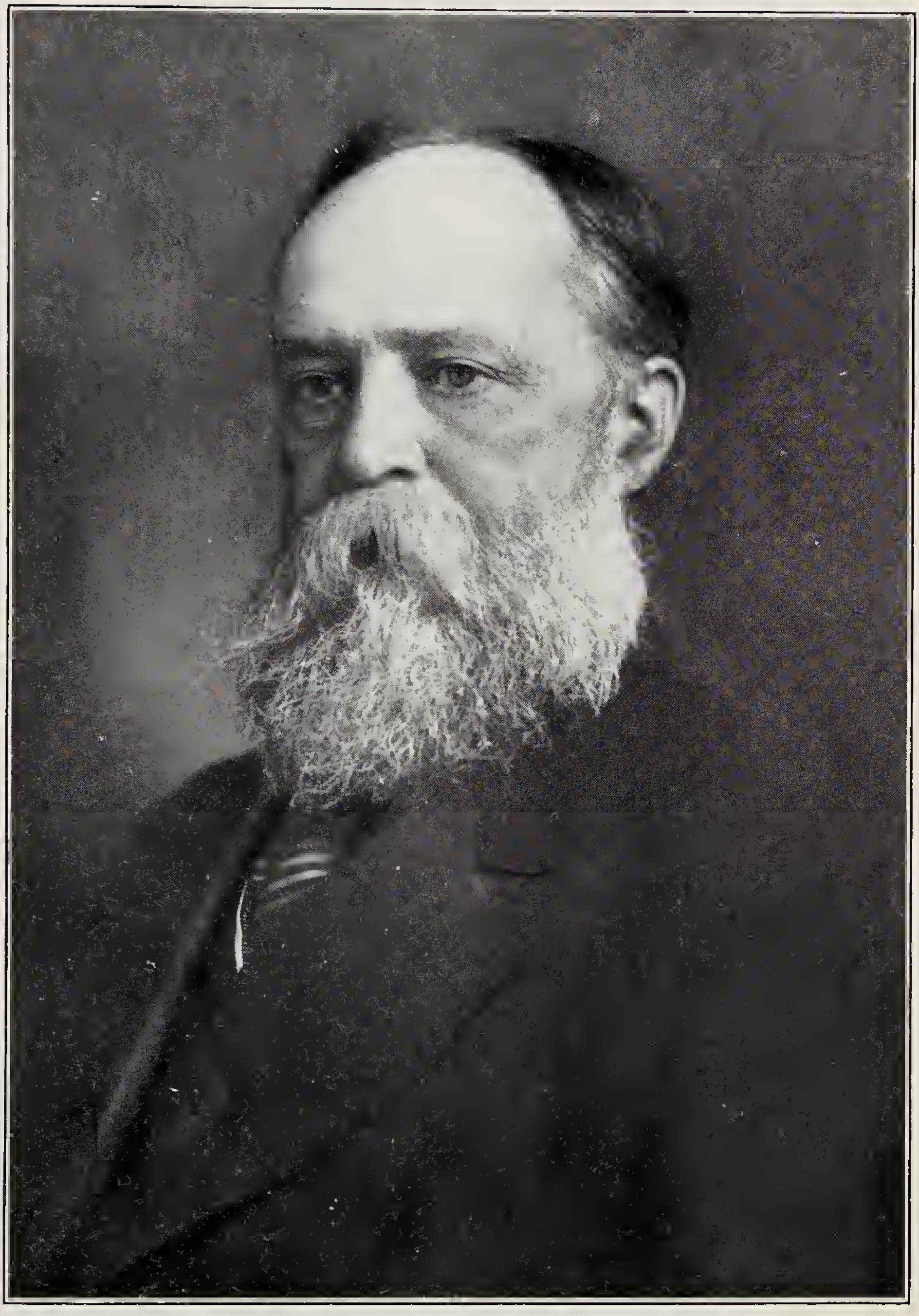
J. LESLIE,
Comptroller.

BOARD OF DIRECTORS FOR 1921

MR. RICHARD B. ANGUS	Montreal
MR. EDWARD W. BEATTY	"
HON. FREDERICK L. BEIQUE, K.C., SENATOR	"
SIR JOHN C. EATON	Toronto.
MR. GRANT HALL	Montreal.
SIR HERBERT S HOLT	"
MR. CHARLES R. HOSMER	"
COL. FRANK S. MEIGHEN, C.M.G.	"
SIR VINCENT MEREDITH, BART.	"
SIR AUGUSTUS M. NANTON	Winnipeg.
SIR EDMUND B. OSLER	Toronto.
MR. J. K. L. ROSS	Montreal.
RT. HON. LORD SHAUGHNESSY, K.C.V.O.	"
HON. WILLIAM J. SHAUGHNESSY, K.C.	"
SIR THOMAS SKINNER, BART.	London .Eng.

EXECUTIVE COMMITTEE

MR. RICHARD B. ANGUS
MR. EDWARD W. BEATTY
MR. GRANT HALL
SIR HERBERT S. HOLT
SIR EDMUND B. OSLER
RT. HON. LORD SHAUGHNESSY, K C.V.O.



Sir Edmund Walker, C. V. O., L. L.D., D.C.L.
President of the Canadian Bank of Commerce

CANADA'S FINANCIAL RECONSTRUCTION

ANNUAL ADDRESSES AND REPORTS
OF
THE CANADIAN BANK OF COMMERCE*

Annual Meeting, Toronto, 11th January, 1921.

The Directors have pleasure in presenting to the shareholders the fifty-fourth Annual Report for the twelve months ending 30th November, 1920, to which the usual statement of Assets and Liabilities of the Bank is appended:

The balance at credit of Profit and Loss Account, brought forward from last year, was	$1,427,735.40	
The net profits for the year ending 30th Nov., after providing for all bad and doubtful debts, were	3,306,243.97	
		$4,733,979.37
This has been appropriated as follows:		
Dividends Nos. 132, 133, 134 and 135, at twelve per cent. per annum	$1,800,000.00	
Bonus of one per cent., payable 1st Dec.	150,000.00	
Dominion and Provincial Government taxes and tax on bank-note circulation	350,000.00	
Written off Bank Premises	500,000.00	
Transferred to Pension Fund	150,000.00	
Balance carried forward	1,783,979.37	
		$4,733,979.37

Address by Sir John Aird, General Manager of the Bank.

We have now entered upon a period such as has been looked for ever since the war ended—one of lessened activity in business and falling prices—and the statement which we present to you to-day is, except in a comparatively few particulars, curiously devoid of important changes from that of a year ago.

The net profits of the year amounted to $3,306,243.97, an increase of $231,351.25, although the resources of the Bank have shown little growth. The addition to our profits have been the result, partly of the activity of general business during most of the year and the consequent brisk demand for money which has kept all available funds fully employed, and partly of the fact that we have been fortunate in escaping serious losses. The conditions which have prevailed in the markets for all staple commodities since the war ended—the extraordinary demand for goods and the high prices—have caused a strong demand for money. Now that the markets are becoming more normal and prices are falling, that demand is sure to lessen. We may therefore expect easier money conditions and a lower level of profits until business becomes more active.

In addition to the regular dividend of twelve per cent. per annum, we paid last December a bonus of one per cent., making a total distribution to our shareholders of thirteen per cent. for the year. We have appropriated $350,000 towards the heavy taxes we are now called on to pay to the Governments of the Dominion and of the various Provinces of Canada, including in this the tax on our note circulation imposed under the provisions of the Special War Revenue Act of 1915. We increased our appropriation for bank premises from $250,000 last year to $500,000 this year. The high cost of all building operations in this country, and our expenditures on premises for the foreign branches recently opened, make this a prudent step. We have transferred $150,000 to the Officers' Pension Fund, an increase of $30,000 for the year, partly to provide for the growth of the staff, and partly because the actuarial examination, which took place during the year, made it clear that this was necessary.

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* Note.—For the History of this Bank see Supplement to *The Canadian Annual Review*, for 1910, and succeeding Volumes for annual Addresses and Reports.

The increase in our note circulation is $669,255, an indication of a large volume of current business, but a very small proportion of the total, which now stands at $30,716,914. As business slackens and prices fall we may naturally look for some reduction in this item. Our deposits stand, as a whole, at almost the same level as a year ago, the increase being only a little more than a quarter of a million dollars, but deposits bearing interest, the most stable part of deposit business, have increased by the large sum of $43,148,818. This is a gratifying and remarkable showing, particularly when considered in the light of the total subscriptions of customers of this Bank to the various Dominion Government War Loans, as reported by our branches, namely:

1915	1st War Loan	$8,142,000
1916	2nd " "	18,001,400
1917	3rd " "	22,059,500
1917	1st Victory Loan	78,551,670
1918	2nd " "	104,474,950
1919	3rd " "	90,076,535
Total		$321,306,055

Notwithstanding the tremendous drain upon the deposits of this Bank which these huge subscriptions involved, we feel proud of the aid afforded by our customers to the Government in its war financing. Courage and foresight were needed by our branch managers when they saw their cherished and hard-earned deposits gathered over a long series of years, melt away almost overnight' but the fact that the deposits of the Canadian public in this and all other banks are now double what they were at the outbreak of the war justifies the support given to the Government in its loan campaigns, even from a narrow and selfish point of view, to say nothing of that of the national welfare. On the other hand, our deposits not bearing interest have decreased by $42,875,453, an amount almost equal to the increase in our interest-bearing deposits. This is more than accounted for by the decrease in Dominion Government balances, which a year ago included a large part of the proceeds of the last Victory Loan. It must also be remembered that both the demand for money, and the restraint on the further inflation of credit which we have endeavoured to exercise, tend to decrease the balances carried by business houses and large commercial companies in their current accounts.

Another cause which has militated against an increase in deposits has been the slow marketing of last year's grain. This tends also to keep up loans, for if the farmer does not pay his indebtedness, the retailer is unable to pay the wholesaler, and the wholesaler must lean on the manufacturer. All along the line they will borrow from their bankers to the fullest extent possible. It is regrettable that the farmer, in this and other countries, should be counselled to hold his grain on a market which has fallen very rapidly since the time of harvest and has every appearance of continuing to do so in sympathy with the general trend of business. It is obviously a highly risky and unprofitable proceeding, and likely to end in increasing class bitterness. Unaware of the real causes that govern the decline in prices, the farmer will be apt, naturally enough, to feel that all classes are working against him.

The truth appears to be that, after so many years of rising prices, it has come to be accepted as an axiom that prices must continue to rise, and consequently in the very year in which all signs point in a downward direction, the unfortunate farmer feels constrained to hold his grain, unconscious of the meaning of the signs around him.

This Bank still holds a commanding position in the development of Canadian trade and commerce, its current mercantile loans in Canada amounting to the large sum of $231,114,772, or $17,925,602 more than a year ago. Similar loans elsewhere have also increased by $1,924,956. The other items of assets show little change, except Bank Premises Account, which has increased $758,086 during the year, our principal outlays in this connection being on premises for our foreign branches. Owing to the favourable position of the foreign exchanges we have been able to secure premises in Rio de Janeiro, Jamaica, Trinidad and Barbados at a very reasonable cost, and our office in Rio de Janeiro will be situated in the heart of the financial and business district of that important city. There has been an increase in our total assets of $1,116,418, a comparatively trifling amount.

In addressing you a year ago we pointed out that up till then we had been occupied with the promising openings for new branches in Canada, but that we hoped soon to give some attention to foreign fields. The policy we have followed in this respect has been one of caution, slow but sure, and we think that our judgment has been vindicated by the course of events, especially the unsettled financial conditions now prevailing in Cuba and South America. Our branch at Havana was the first to be opened, and we are well satified with the progress so far made and with our prospects for the future. Kingston, Jamaica, came next in point of time, and there, too, our business shows excellent prospects. Our office was not opened at Bridgetown, Barbados, until after the close of the Bank's year, while in Rio de Janeiro and Port of Spain, Trinidad, although our managers and their staff are now on the spot, we have not yet opened for business. We believe, however, that our outlook in all these places is bright.

Keeping pace with the growth of the Bank's business there has been a steady increase in the staff, partly through the appointment to the permanent staff of men and women who had served us well during the war and whom we have found suitable. It was thought that on the return of our men from overseas most of those on the temporary staff would have to give way to permit their reinstatement, but we are pleased that the growth of our business has made it possible for us to adopt the policy we have outlined. An increase of thirty-four in the number of branches also accounts to some extent for the increased staff.

Probably at no time in the history of this country have questions connected with the foreign exchanges occupied so prominent a place in the public mind as during the past year. The closeness of our relations with the great English-speaking nation to the south of us has made the prevailing high premium on New York exchange a matter of moment to a very large number of Canadians. It has come before them not only as vitally affecting importers or exporters dealing with the United States, but also, among other things, as having a direct bearing on many investments which they hold or desire to buy or sell, and even as calling for serious consideration in connection with the cost of a holiday or other visit to that country. The very technicality of the subject, the mystery by which in the popular mind the working of the exchanges is surrounded, only serves to deepen the interest felt in it. In an endeavour to throw some light upon it, especially as connected with the prevailing high premium for New York funds, we issued during the year a series of advertisements dealing in as simple a manner as possible with some of the underlying elementary principles. These attracted widespread attention and were subsequently reprinted in the form of a small brochure for general distribution.

The subject has, of course, many bearings and can be discussed from many points of view. As in instance we may point out that the premium on New York funds is an assistance to such of our exports as come into competition in the markets of the world with similar goods from the United States. To the extent of the premium, the Canadian producer can accept a lower price expressed in terms of a foreign currency, and will still receive as many dollars as does his competitor in the United States. During the closing part of the year, as you are doubtless aware, the rate of exchange on New York rose very high, reaching 19¼ per cent. on December 21, the highest point on record. In addition to the causes usually assigned for this condition, which were commented on in our report last year, namely, excessive buying from the United States, especially of luxuries, and the payment of interest on our indebtedness to that country, the burden of which increases with every sale of Canadian securities, there are, I believe, one or two others which have played a considerable part in the recent rise. One of these is speculation on the stock exchanges, which has been so prevalent in some parts of Canada. When the stocks speculated in are those dealt in on the New York market, calls for margins have to be responded to instantly, and the sudden demand thus created for New York funds has on several occasions been the cause of a sharp advance in rates. There are also at present large sums of money, belonging to banks and wealthy corporations in the United States on deposit in the Canadian banks, awaiting a favourable exchange rate, and there has been a demand for the transfer of a large part of these in connection with the preparation of financial statements and other end-of-the-year requirements.

Address by Sir Edmund Walker, C.V.O. L.L.D., D.C.L. President of the Bank.

The year has been as full of highly important events as other recent years, but while much that has happened is very distressful indeed, many of our experiences have been natural and remedial even if disagreeable. War and famine are still present, although in a lessened degree, but assassination and other forms of murder, by men associated for that purpose, have grown to alarming proportions. As against these bad conditions, there have been fewer strikes and some improvement in the attitude and in the efficiency of workers generally. It must also be a source of genuine satisfaction to all fair-minded people that we are now fully entered upon that adjustment of prices, both for commodities and labour, upon the reasonable settlement of which all hope for our future happiness and prosperity rests. A year ago, we were still in the full tide of high prices, high wages, supplies unequal to the demand, inefficient labour, inefficient transportation, reckless spending and all the other concomitants of a world-wide inflation, based not on industrial enterprise, but on the creation of so-called wealth from the evidences of debt issued by Governments living beyond their means. Warnings that continuance meant ruin were not wanting, but they met with little more response than warnings usually do. There was widespread unrest, as labour did not remain satisfied with any strike adjustment which immediately met higher prices for commodities. Bankers found it impossible to grant credits which were steadily made larger by two proportions, larger quantities and higher prices. Thus, with the efforts of Governments to economize came the lessening of the stream from which deposits are derived, and hence a curtailment of bank credits.

This seriously affected the stock markets in the latter part of 1919, and as bank rates in Great Britain and the United States began to rise and the collapse in raw silk took place in Japan, other commodities began to follow, and raw silk, rubber, hides, sugar, cotton, manufactured textiles, clothing, boots and shoes, field products and meat in certain forms, one by one, have had declines in price, often sensational beyond anything in recent years.

Reviewing as usual our own foreign trade, we find the total of exports and imports for 1920 to be $2,351,174,000, as compared with revised figures for 1919 of $2,188,471,000, and for 1918 of $2,549,681,000. Unfortunately the increase over 1919 is almost entirely in imports, so that the increase in volume, far from being gratifying, is distinctly the reverse. With a slightly larger total of exports, we imported nearly 150 millions more than in 1919. Thus the excess of exports fell to the lowest point reached in the last four years. The fiscal year ends in March, but the unfortunate tendency of our foreign trade is much more evident when we compare the six months' period ending in September. During that period in 1919 our surplus of exports was $151,037,000, while in 1920 we have actually imported $151,145,000 more than we have exported, a change for the worse of over 300 millions and a complete reversal of our trade position. The position of our exports for the fiscal year, taken alone, is quite satisfactory. During the war our exports were swollen by the item of "Explosives," under which heading other forms of war munitions were included, but this has now been reduced to small figures. It amounted to 386 millions in 1918, to 251 millions in 1919, and to only 12 millions in 1920; so that to keep our exports from diminishing we had to find new merchandise to export in 1920 amounting to about 240 millions, and we actually did so to the value of about 257 millions. In the six months' period ending September, we have, however, a great change. In grains, flour, etc., we have a loss of 45 millions; in animals and their products, 53 millions; in fibres, etc., 3 millions; in various other items, 15 millions; while in wood, paper, etc., there is a gain of 63 millions, and in iron, other metals and non-metallic minerals there is a gain of 13 millions. The total shows a falling off of 40 millions.

It is in our imports that we have exhibited a most unfortunate. lack of appreciation of individual and national responsibility. Our imports for the fiscal year ending in March were 145 millions larger than in 1919, but since one item connected with the war, articles imported for the Army and Navy, amounting in 1919 to 50 millions, has practically disappeared, we have gone wrong to the extent of nearly 200 millions. The whole result is bad, but it is trifling when compared with the six months' period ending in September. For this half year, in which our exports declined under each general head except wood, and metals and other minerals, we actually imported 152 millions worth of merchandise in excess of our exports. Except in the one item of animals and their products, there are increases of from nearly 50 to over 100 per cent. under all general headings.

The excess of exports to Great Britain, which in 1918 was as high as 779 millions, was in the fiscal year 1920, 370 millions, still a very satisfactory figure. For the six months' period, however, it fell from 236 millions in 1919 to 28 millions in 1920. The excess of imports from the United States for the fiscal year was 300 millions, against 272 millions in 1919. For the six months' period it was 210 millions, against 135 millions in 1919. When we look at the third set of figures now supplied by the Government, that is, from September, 1919, to September, 1920, the full force of our extravagance is evident. In that period we exported less by 23 millions than in the previous twelve months, and we actually imported 440 millions more.

It is painfully evident, however, that we waste our breath by setting out these figures year after year. Nothing but inability to buy will check such fatuous extravagance. Is it to be wondered at that people coming to Canada, from Great Britain are shocked and profoundly astonished at such lavish expenditure of money at a time when the world is so full of real trouble?

If we turn to the figures for our foreign trade we find that our exports consisted in value of 639 million in manufactured articles and 648 millions in foodstuffs. These foodstuffs were shipped to Great Britain to the extent of 368 millions and to United States to the extent of 134 millions. Foodstuffs thus form a most important part of our power to pay for imports of 801 millions from the United States, of which, by the way, 126 millions represent foodstuffs bought by us from them. Trade between countries, however much confused with foreign exchange and postponed settlements by sales of securities, is a matter of exchanging merchandise.

How could we have imagined, therefore, that the United States, the creditor nation of the world at the moment, while awaiting a revision of their tariff looking to higher protection, would pass in Congress a bill placing an embargo for ten months upon foodstuffs shipped by Canada and other countries, all of whom are doubtless depending on these products to pay for the products they are buying from the United States? These are the days of embargoes, tariff revisions, and newly devised schemes to preserve prices, which are doomed to readjustment, but we can only hope that the Senate will not approve of such unfriendly and destructive legislation. It is evident, in view of the present relations of the American and the Canadian dollar, that our rejoinder must be to put an end to an equal amount of purchases from the United States. The sales of Canadian securities for 1920 have, of course, fallen to lower figures because of the absence of popular Dominion Government loans in Canada. The figures are as follows:

Security	Amount	Canada	United States	Great Britain
Government	$113,455,500	$39,035,500	$74,420,000	
Municipal	58,994,728	49,312,496	9,682,232	
Railway	96,500,000	....	96,500,000	
Public service corporation	11,500,000	200,000	11,300,000	
Miscellaneous	38,381,853	16,106,853	22,275,000	
Total 1920	$318,832,081	$104,654,849	$214,177,232	
	100%	32·82%	67·18%	
Comparative figures for 1919	$909,383,728	$699,291,095	$204,987,500	$5,105,133
	100%	76·89%	22·54%	·57%

We have again been given by a most competent authority an estimate of the amount of our securities held abroad. These are now estimated at $2,189,000,000 held in Great Britain and European countries, and $1,441,000,000 held in the United States. If we calculate the interest on the former, which were financed before the war, at 4¾ per cent., and on the latter at 5½ per cent. the total of our interest payments would be about $183,000,000 annually. Doubtless there are securities held abroad which are not included in this calculation, and the high rates lately paid for loans may increase the average beyond the rate of 5½ per cent., so that the actual amount we have to pay is doubtless midway between 183 millions and the sum of 190 millions suggested a year ago.

A year ago the cry in every direction was for more production and more efficiency in labour, better and less costly conditions in transportation, and a cessation of Government borrowings and of credit inflation. The enormous quantities of unsold commodities at the present time seem inconsistent with the cry for greater production at that time, but it is doubtful if there is any real inconsistency. Except for stocks of certain commodities held by Governments who continued to exercise control over trade and did not liquidate these stocks at the close of the war, it is questionable if there are more commodities than the world needs for its ordinary comfort. The trouble does not arise from over-production, except as to luxuries, but from a sudden shrinkage of credit operations, a vast psychological change in the middlemen who buy and sell between the producer and the consumer, and following these factors, and to some extent because of them, from a sudden falling away of the buying power, and a distinct change in the desire to buy, of the people generally. From a period of expansion marked by the most extravagant buying ever known, we have entered upon a period of liquidation. We are just as bent now on finding a sure bottom as we were on finding the dizzy top a year ago.

The Monthly Review of the Federal Reserve Bank in New York at the close of November quotes the decline in commodity prices from the peak as about 10 to 14 per cent. in Great Britain, 11 per cent. in Canada, in the United States various estimates from 14 to 33 per cent., in France 14 per cent., and in Japan 28 per cent. The decline of the past six months in the United States is said to be more abrupt than anything since the same period at the close of the Civil War. While there must have been countless perplexing and grave problems, often involving totals in money which were enormous relatively to past experience, it is greatly to the credit of modern banking in most countries that we have been able to meet these situations as they have arisen. Embargoes and moratoriums are still necessary, and the foreign exchange difficulties are not always subject to settlement by a mere premium or discount in the rate. Trade with countries other than distressed Europe has been threatened with stoppage until bankers devised new expedients for bridging difficulties not met with for many years, if ever before. The stoppage in buying and, what is much worse and not creditable to modern conditions of trade, the cancellation of orders, have so disturbed the calculations of manufacturers and merchants that borrowings from the banks, and by note and bond issues from the public, have been necessary in the United States on a scale never known before. The liquidation which has set in will bring about easier monetary conditions as the natural accompaniment of less active trade and the decline in prices, and, unfortunately, we can already see that many will be out of employment during the coming winter

In speaking last year about the manner of distributing the taxation necessary to carry our debt and to administer the Government, we expressed the opinion that if the annual payments are obtained by reasonably fair taxation, so levied that the taxes do not become a cause of restraining our industries, we shall not fail to win through, but to accomplish this, much study of the subject is necessary. It must be admitted that the war has imposed upon Governments the necessity for collecting an amount of taxes beyond any past experience, and it should be evident that the total required can only be obtained by contributions on some scale from practically the whole body of the people. It is quite true that regard must be had to the capacity of the individual to pay, but in levying super-taxes no folly can be greater than to overlook the effect of excessive taxation on our industrial activities, not only as to future growth, but as to the present power to give employment to the wage-earner.

As against the "luxury" taxes now happily at an end, we have steadily urged a turnover tax of one per cent. on sales of commodities. We are aware that criticism, only however regarding certain details, of this form of tax have been made in the Tentative Report of the Tax Committee of the National Industrial Conference Board of New York, but these have been answered by the Chairman of the Business Men's National Tax Committee. One of the arguments made in the United States against it is that any tax which bears in the same rate upon the small earner as upon the large is unfair. But this is accompanied by the belief that a turnover tax would provide such a revenue as to displace the excess profits tax. I believe it would only provide a sub-stratum of tax revenue, in which it is true that all would join alike, paying in precise proportion to their expenditures for commodities, but the manner in which those who have larger incomes would be taxed through the income tax would provide for that difference in treatment which modern taxation recognizes. A small tax on the sales of commodities and real property in Canada would hurt so little, would be so fair, would be so easily collected, and would produce such a very large sum, that to fail to levy it seems excusable only if it can be shown to be impracticable.

We are levying heavy surplus profits taxes, and many well-intentioned people think that we are justly punishing the so-called profiteer, but we are really killing the goose that lays the golden egg. When he can do so, he doubtless passes the tax on to the consumer, and escapes punishment himself, and the tax thus becomes a boomerang as far as the public are concerned. If we clearly know what we mean by a profiteer and can find him, let us punish him in such manner that the penalty imposed cannot be passed on to the ultimate buyer. But in ordinary cases, which affect by far the greater part of the business community, we are taking from enterprise the profit with which further enterprise would be created. It is from the accumulated profits of a business that growth both of plant and scope of operations mostly becomes possible. What do we think will happen if we steadily take such a large share of that profit away? It will be said that some concerns make too much money. But, as we argued a year ago, that should be demonstrated by the relation not of profits to capital but of profits to turnover, measured again by the proportion of possible turnover to capital.

The manufacturer who turns his capital over many times, serving the public for a trifling profit on each sale, but making a large return on his capital because of his skill and activity, should surely not be punished by excessive taxation for being an excellent servant to the people. The tax is universally admitted to be unscientific and will do incalculable damage if continued. It was justified only by war conditions and only for the period of their duration. The surtax features of the income tax when carried to the extreme precentages now in effect, are little less unwise and unfair than the Excess Profits tax. Those who are large shareholders in business enterprises should be ready to take up new share issues in such enterprises, as extensions may prove necessary. Taxation which first takes a large share of the profits from the company, and then a large share of the dividends of the same company because they happen to be part of a large private income, may seem to be sound policy to many, but if what we seek is the general good, it is deadly in its effects upon business enterprise and industry. I believe every good citizen in Canada wishes to pay for part of the cost of the war. He only desires that his ability to pay shall be regarded. A tax on the turnover of all business transactions would punish no one, and yet would mean the reaching of a most important sub-stratum of the national income, in the creating of which everybody has joined. Upon real luxuries an excise tax might well be placed without resulting injury to trade. The articles selected should manifestly be luxuries in the strict sense of the term and clearly recognized as such by the general public.

We are at the moment having illustrations both of the injustice and of the unreliability, as a form of Government income, of the Excess Profits tax in Canada and the United States. Business men who in a time of high prices would not regard whatever value they might put upon merchandise in stock at the close of their financial year as anything but a pro forma method of closing their books, and who would keep large balances in Profit and Loss Account as a contingency against a fall in prices, are forced to fix a price for such merchandise, and also to fix, to the satisfaction of the Government, the reserves to be kept against such re-valuation. As a result, in the United States at the moment, countless firms who in the great fall in commodity prices have lost a large share of all that has been made in several past years, look in vain for that so-called "excess profit" which the Government exacted from them, and I fear that there are at least a considerable number of business establishments in Canada in the same predicament. The Government is to be a partner in the business when profits are made, but not when losses are made. It is obvious that such a form of revenue must be subject to too great contingencies to be reliable. In the interest of all we must find a system of taxation which will do the least possible mischief to enterprise, instead of making men unwilling to take new rsiks because the Government seizes so much of the results when there are any and does not share either the risk or the loss.

While we must for the time being levy enough taxes in some form to pay our interest charges, and to make, as we hope, some steady if slow reduction of the national debt, we should always bear in mind that it is only by the growth of our national income that we can expect again to reach a time when taxes will not be a drag upon our prosperity. We need more people upon the land, but we need more industries as well. We pay away yearly vast sums for imports, many of which should be unnecessary. We have untouched stores of raw material for many kinds of manufacturing the non-use of which is even more serious to Canada from the point of view of national finance than unploughed land. We export food by which our foreign debts are partly paid, but we import what we should make ourselves and thus create foreign debt. The present high rate of exchange on New York is the concrete expression of this debt, not only of that being created to-day, but in the form of annual interest payments, of all the foreign debt we have created in the past. We have iron ores in plenty, but we do not spend enough on research to ascertain their status in relation to other ores in the United States on which we steadily depend. We have about 15 per cent. of the coal areas of the world, so far as such areas are accurately known. It may be that science cannot remove impurities and re-assemble the coal so as to make transportation charges possible, and thus relieve Ontario of its great drawback, and the nation of its vast expenditure for the importation of this article, but research should be persistent until we are assured that such is the case. We have lately developed manufacturing processes in which chemistry is the main feature and others dependent on cheap water-power, and through these the triple benefit come to us of giving employment, of enlarging the market for those who sell food and the other necessaries of life, and of offsetting or lessening by the selling value of the home-created product, the cost of those imports which are the main cause of our present difficulties.

We arc very glad indeed that our Dominion and Provincial Governments all spend large sums of money, in educational and other, ways to aid agriculture. The Dominion Government and some of the Provinces also do something in the way of research for other industries, but we have come to a juncture where, along with the ordinary desire for progress, comes the heavy pressure of national debt which can only be relieved by increased production. For this we need research in countless directions, and in addition to what is now being done, I hope liberal aid will be given to all of our universities and that the scope of our Government research work may be enlarged.

The following were elected Directors for the ensuing year: Sir Edmund Walker, C. V. O., LL. D., D. C. L., Sir John Aird, the Rt. Hon. Sir Thomas White, K. C. M. G., Dr. John Hoskin, K. C., Sir Joseph Flavelle, Bart., LL. D., A. Kingman, Hon. W. C. Edwards, E. R. Wood, Sir John Morison Gibson, K. C. M. G., K. C., LL. D., Robert Stuart, George F. Galt, A. C. Flumerfelt, Hon. George G. Foster, K. C., Charles Colby, M. A., PH. D., George W. Allan, K. C., M. P., H. J. Fuller, F. P. Jones, H. C. Cox, C. N. Candee, Thomas Findley, W. W. Hutchison, H. R. Silver, J. A. Richardson, T. A. Russell, and Sir Alexander Mackenzie, K. B. E.

At a meeting of the newly elected Board of Directors held later Sir Edmund Walker, C. V. O., LL. D., D. C. L., was re-elected President, and Sir John Aird and the Rt. Hon. Sir Thomas White, K. C. M. G., Vice-Presidents.

GENERAL STATEMENT

LIABILITIES

Notes of the Bank in circulation		$30,716,914.68
Deposits not bearing interest	$108,813,028.52	
Deposits bearing interest, including interest accrued to date..	285,065,493.05	
		393,878,521.57
Balances due to other Banks in Canada		792,301.53
Balances due to Banks and Banking Correspondents elsewhere than in Canada..		10,640,517.53
Bills Payable		1,139,853.90
Acceptances under Letters of Credit		11,204 555.81
		$448,372,665.02
Dividends Unpaid		3,980.12
Dividend No. 135 and bonus, payable 1st December		600,000.00
Capital Paid up	$15,000,000 00	
Rest Account	15,000,000.00	
Balance of Profits as per Profit and Loss Account	1,783,979.37	
		31,783,979.37
		$480,760,624.51

ASSETS

Gold and Silver Coin Current on hand	$15,992,107.21	
Gold deposited in Central Gold Reserves	6,500,000.00	
Dominion Notes on hand	35,388,710.25	
Dominion Notes deposited in Central Gold Reserves	10,000,000.00	
		$67,880,817.46
Notes of other Banks	$2,482,865.00	
Cheques on other Banks	25,846,697.22	
Balances due by other Banks in Canada	100.00	
Balances due by Banks and Banking Correspondents elsewhere than in Canada	11,290,555.29	
		39,620,217.51
Dominion and Provincial Government Securities, not exceeding market value..		13,101,556.80
British, Foreign and Colonial Public Securities and Canadian Municipal Securities, not exceeding market value		20,737,620.72
Railway and other Bonds, Debentures and Stocks, not exceeding market value..		6,059,204.45
Call and Short Loans (not exceeding 30 days) in Canada on Bonds, Debentures and Stocks		21,434,844.02
Call and Short Loans (not exceeding 30 days) elsewhere than in Canada		34,274,934.06
Deposit with the Minister of Finance for the purposes of the Circulation Fund..		908,245.56
		$204,017,440.58
Other Current Loans and Discounts in Canada (less rebate of interest)		231,114,772.74
Other Current Loans and Discounts elsewhere than in Canada (less rebate of interest)..		26,863,226.72
Liabilities of Customers under Letters of Credit, as per contra		11,204,555.81
Overdue Debts (estimated loss provided for)		147,916.91
Real Estate other than Bank Premises		514,901.50
Mortgages on Real Estate sold by the Bank		190,501.63
Bank Premises at cost, less amounts written off		6,617,095.06
Other Assets not included in the foregoing		90,213.56
		$480,760,624.51

B. E. WALKER,
President

JOHN AIRD,
General Manager.

FINANCIAL POSITION OF CANADA

ANNUAL ADDRESSES AND REPORTS
OF
THE BANK OF MONTREAL*

The 103rd Annual Report of the Bank

The 103rd annual meeting of the Bank of Montreal was held in Montreal on Dec. 6, 1920, and the following report for the year ending Oct. 31st, 1920, read by Sir F. Williams-Taylor, General Manager:

Balance of Profit and Loss Account, 31 October, 1919		$1,812,854.43
Profits for the year ended 30 October, 1920, after deducting charges of management, and making full provision for all bad and doubtful debts		4,033,995.60
Premiums on New Stock		1,000,000.00
		$6,846,850.03
Quarterly Dividend 3% paid 1st March, 1920	$600,000.00	
Quarterly Dividend 3% paid 1st June, 1920	600,000.00	
Quarterly Dividend 3% paid 1st Sept., 1920	660,000.00	
Quarterly Dividend 3% payable 1st Dec., 1920	660,000.00	
Bonus 2% payable 1st Dec., 1920	440,000.00	
	$2,960,000.00	
Amount credited to Rest Account	2,000,000.00	
War Tax on Bank Note Circulation to 30th Oct., 1920	210,000.00	
Reservation for Bank Premises	425,000.00	
		5,595,000.00
Balance of Profit and Loss carried forward		$1,251,850.03

Address by Sir H. Vincent Meredith, Bart., President of the Bank

I may remark that as a result of the completion of a successful year's operations, due in part to the high interest rates for money that have prevailed outside Canada, where a portion of our reserves are carried, your Directors decided to declare a bonus of 2 per cent., making the distribution to shareholders for the year 14 per cent. The sum of $250,000, spread over five years, has been donated to the McGill Endowment Fund, and I am confident the action of your Directors in this connection will have your approval. The year just closed has been a difficult one for bankers, but the progress we have made and the results we are able to show will, I feel sure, prove satisfactory to our shareholders.

An overwhelming demand for credit has taxed resources to the utmost. Following a period of excessive prices and inflated

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*Note.—For History of the Bank of Montreal see Supplement to *The Canadian Annual Review* for 1910; for succeeding Reports and Addresses see volumes from 1911 to 1919.

currencies characteristic of war times, the country is now in the midst of the process of readjustment. It has been difficult to make producers, merchants and others carrying heavy stocks, who have grown accustomed to high prices, accept the inevitable by recognizing the fact that it is futile to attempt to overcome natural laws and to realize that economic conditions, which no aritificial means can alter, alone are the cause of price decline. The demand for intervention through Government control is still insistent in some quarters.

Canada alone cannot control world-wide conditions and it is idle to turn to the Government for relief from falling prices. This applies to wheat as well as to other commodities. A lower price level must be reached before we can reasonably look for a resumption of business activity on a sound basis. To arrive at this stage, inventories must be reduced and deficiencies made good by drawing upon the excess profits of previous years. Having in view the probability of a gradual recession in prices, your Directors took early action to restrict credits to legitimate requirements, believing such a policy to be in the best interests of our clients as well as calculated to preserve the financial stability of the country.

The strain on credit appears to be now reaching its peak. An easier tendency is the logical outcome of deflation of prices. Manufacturers and wholesalers are revising inventory values to meet the changed conditions and retailers must adopt the same policy to induce the public to again freely enter the market. The pursuance of this course will tend to ameliorate the labour situation by lessening unemployment and should prove a factor in warding off slackness of work, which acts and reacts to the detriment of business. Employment is the logical remedy for labour unrest. The commercial mortality of Canada has been notably low for several years past, but it must be expected that the process of deflation and slacker trade will somewhat swell the failure list, a contingency for which prudent bankers prepare. Some reduction of bank deposits may also be apprehended. I believe, therefore, that this is a time to keep close-hauled, to prepare against gusts without inviting gales, and to recognize the existence of world-wide conditions presaging a substantial re-adjustment of commodity prices before rock-bottom is reached.

As a final word in this connection, permit me to repeat the observations I made at our Annual Meeting two years ago, when I said: "Sooner or later we in this country will, without doubt, have to meet foreign trade competition of cheap and skilled labour, together with advantageous transportation facilities, to a more pronounced extent that Canada has yet experienced. If this competition is to be effectively coped with, increased efficiency, co-operation and co-ordination are essential. Our best energies must be directed to greatly increased production of our basic, agricultural and other great natural resources. In this way, and by strict economy in Government, Municipal and personal expenditures, a solution can be found of our difficulties of exchanges, the maintenance of our favourable trade balance and the payment of our war debt. Otherwise, we must look for a shrinkage in business, to be followed by a readjustment of the scale of wages for labour and of the prices of all commodities."

Although the aggregate of foreign trade has this year surpassed all previous records, the figures are less favourable in the sense that imports now exceed exports. In the twelve months to October 31st, imports reached a value of $1,339,600,000, as compared with $902,300,000 in the preceding twelve months, being an increase of nearly 50 per cent.; while, on the other hand, exports in the two periods were practically of the same amount, namely, $1,197,300,000 in 1919 and $1,228,800,000 in 1920. The balance of trade, it will be observed, has turned against Canada after several years of surplus of exports. Imports from the United States have not been checked by the adverse rate of exchange; indeed, in the twelve months to October 31st these rose to $924,000,000, or 70 per cent. of the total imports of Canada, while our sales to the United States, $530,000,000, were not much more than one-half our purchases from that country.

The dislocation of foreign exchange is a serious obstacle to the speedy restoration of international commerce, since the purchasing power of countries whose currency is heavily depreciated becomes greatly contracted thereby. Sporadic efforts have been made to organize capital for the purpose of creating international credits, but these have not reached practical form to an appreciable extent and the problem still waits upon solution. The necessity for financing foreign trade has come very closely home and, pending an international working scheme, I feel it would be well for Canada to move locally. I am still of the opinion that a corporation to foster foreign trade so as to keep our factories busy and give employment to labour is desirable and sooner or later must be launched. If export trade can be revived, it will solve many of our difficulties.

Trade with Australasia, which has averaged over the last four years $8,200,000 per annum, will receive a temporary check through the action of the Australian banks in declining to neogiate bills in London or remit promptly for collections sent direct, in an effort to conserve their London balances and restrict imports. The situation should be relieved shortly when the Australian wheat crop and wool clip reach London. South African banks are also restricting their purchases of bills in London in an effort to correct exchange, and India is suffering from similar adverse exchange conditions. An instance of the recovery of trade in Great Britain is found in the expansion of Canadian imports from $81,000,000 to $226,000,000 in the past twelve months, but a decline in Canadian exports to the United Kingdom from $524,000,000 last year to $364,000,000 this year is less satisfactory, the more so as munitions shipments do not figure in either period.

The inflation of currency has had much to do with governing the cost of commodities in all countries. The situation in Canada, though somewhat extended, is fundamentally sound. It speaks well for our national financing that our country's emergency currency, created under the Finance Act, 1914, is more amply secured by gold than is the war circulation of any belligerent save only the United States, the wealthiest of nations. Dominion Government notes outstanding are $320,000,000, back of which there is gold to the amount of $95,000,000, a ratio of gold to notes of 29·7 p.c. This percentage is always lowest at this season, the average percentage for the year being 32·6 p.c. Of the portion uncovered by gold, $37,300,000 is the Government's fiduciary issue, and the remainder is more than covered by high-grade securities.

In the United States there were outstanding at the latest return $3,325,000,000 Federal Reserve Notes secured by gold to the extent of $1,625,000,000, and the remainder by collateral, principally acceptances. The gold ratio is thus 48·9 p.c. Had the war expenditures of the United States dated back to August, 1914, the ratio would have been less favourable. The situation in the United Kingdom is somewhat worse. War circulation in the shape of Government currency notes amounts to £348,000,000, backed by £47,000,000 gold and Bank of England notes—the equivalent of gold—or a ratio of gold to notes of 13·56 p.c. It is reassuring that this percentage has of late shown gradual but steady improvement.

French currency emitted by the Bank of France is highly inflated with Fcs. 40,000,000,000 at present outstanding. The Bank's total gold reserves are Fcs. 5,500,000,000 equal to 14 p.c. of notes issued, but the gold is not earmarked for circulation alone. Turning finally to Germany, we find its currency notes increasing by leaps and bounds since the war stopped, until to-day the Imperial Bank of Germany has paper money liabilities of no less than 63,000,000,000 marks. There is a special emergency currancy also of some 12,000,000,000 marks. The gold security is 1,091,000,000 marks, or 1½ p.c. of notes under issue. Inflation in Germany goes unchecked, mainly because of the Government's inability to collect sufficient revenue to meet its obligations.

The outcry for deflation, which at one time was insistent in some quarters, has largely died out. Bankers feel that too rapid deflation, accompanied by an abrupt fall in prices, is not a good remedy for existing evils. We want a decline in prices, but it should be an orderly one. An arbitrary limitation of the currency would cause intolerable inconvenience, loss and disorganization of trade. The desired result may be brought about gradually by less buoyant trade, increased production, drastic cutting down of all unnecessary expenditures by our Governments, Dominion, Provincial and Municipal, and the practice of thrift by our people. Credit, not merely in Canada but elsewhere, rests on an inadequate basis and should be contracted in conformity with the declension in commodity prices.

I see no reason to look for permanently lower interest rates in the near future. Reaction in business and the marketing of the crops may bring an easier tone temporarily, but the magnitude of international indebtedness to be refunded, together with the wastage of war, cannot be made good immediately and probably not for a somewhat indefinite time. The action of the Minister of Finance in calling upon all dealers to refrain, for the present, from purchasing Canadian securities held abroad, for the purpose of conserving the country's resources, has met with criticism abroad as well as from some quarters at home. Nevertheless, the Minister, in view of the enormous trade balance against Canada, has wisely pursued the policy decided upon. An absolute embargo on the purchase of Canadian securities was, I have reason to believe, not for a moment contemplated, as that would obviously be detrimental to Canadian credit abroad, but dissuasion from sending money out of the country at this juncture is to be commended and affords no ground for resentment. It is hoped conditions will soon permit of the return to an open market.

The tide of immigration, checked during the war, has again begun to rise. In the seven months to October 30 settlers to the number of 109,000 entered Canada, or 31 per cent. more than in the corresponding period last year, and it is noteworthy that the increase was almost wholly of persons from the British Isles. There is reason to believe that the movement of population into the Dominion will proceed in undiminished proportion from the United States and in steadily enlarging volume from Great Britain. Desirable immigrants should also be encouraged from France, Belgium and the Scandinavian and, probably, other countries. Canada's vast areas of untilled soil, coupled with the necessity for spreading the load of debt and taxation, demand a large population.

In the United States, economic conditions are not dissimilar to those in Canada. Money is dear and not easily obtainable. The wave of price cutting continues and failures in business are becoming more numerous, with liabilities larger. The Continent of Europe is at present engaged in a more or less successful effort to recover from the effects of the war. Many European countries are endeavouring to live on paper money and eleven out of twelve of them are not balancing their budgets. England's trade position shows marked improvement. The excess of imports over exports for the first nine months of 1920 compared with the same period in 1919 was reduced from £626,000,000 to £313,000,000, and the full year's unfavourable balance should be more than offset by invisible revenue estimated at some £640,000,000.

France, while her industrial position is undoubtedly improving, is greatly hampered by war's destruction in some of her richest provinces and by the very considerable inflation in the currency, with the consequent adverse foreign exchange. Belgium is apparently in a more hopeful position industrially than either France or Italy, and Belgian trade figures show a fairly constant improvement month by month. In Italy the position is complicated by the uncertainty of the labour position and the great difficulty of obtaining adequate supplies of coal. Germany appears to be straining every nerve to restore some measure of prosperity and her export figures show a surprising increase since the conclusion of the Armistice.

Canada to-day has a very large National Railway System which is being operated at a heavy loss, thereby increasing the load on an already heavily tax-burdened country. Sooner or later some means must be found to relieve this situation. Some confidently believe that by proper public administration of the lines, deficits can be cut down. My own view is that the proper solution will be found if the Government, at the earliest feasible time, divests itself of ownership and operation of the roads and places them under corporate control upon terms fair to the country and upon conditions that will ensure the service for which the construction of the lines was undertaken.

In the same connection, and speaking for myself alone, it would appear desirable that no more national expenditure should be made for the building of ships. While a programme of shipbuilding during the war was commendable, subsequent developments dictate a modified policy. In June, 1914, the world tonnage totalled 49,000,000 tons; in June, 1920, it had risen to 57,300,000 tons, and, in addition, at the end of September this year there were 7,565,000 tons under construction. Tonnage at present exceeds requirements, and in expectation of rate reduction and shrinkage in earnings, construction abroad has already been arrested, and empty tonnage is now laid up in many ports. There is no ground for the belief that this condition will quickly pass. The United States recently failed to secure bids for standard ships; Japan has cancelled orders for 100,000,000 tons in her own shipyards, and Norway is cancelling orders in Great Britain. These factors constitute, in my opinion, a danger signal that Canada might well heed and stop all further new construction.

For the furtherance of Canada's foreign trade, the policy of your Directors, as you are aware, has been to establish close connections with Banks of undoubted standing already firmly established in the field rather than to open and operate branches of our own at distant points. So far, we have had no cause to regret our decision. In carrying out this policy, we purchased an interest in the Colonial Bank, an old-established and highly regarded institution, giving us an extended connection in the West Indies and West Africa, which enables us to do business in these countries on favourable competitive terms.

To sum up, the situation in Canada at present, as I view it, is that while there does not appear to be any cause for apprehension, there is every reason for the exercise of the utmost measure of caution. Canada cannot disassociate herself from world conditions, and world conditions are not satisfactory. On this continent the two years supervening upon the Armistice have been marked by unexampled trade activity and prosperity, a circumstance common to the conclusion of all great wars, but the reaction has set in and may not yet be in full play. Happily, Canada is well buttressed on many sides, and the exercise of prudence and sagacity should enable her to meet the shock of falling prices, restricted credits and deflated currency, without serious impairment of her commercial and financial vitality.

Address by Sir Frederick Williams-Taylor, LL.D., General Manager of the Bank

The operations of a Bank such as ours, with its manifold interests and ramifications, are of absorbing importance to us who guide them day by day, and naturally bear vitally on the year's results which it is now my duty to submit for your approval. Obviously such operations could not be described in detail, even were it necessary or advisable to do so. I shall endeavour, however, to explain the salient points in our affairs of the past twelve months resulting in the important changes in our balance sheet as compared with a year ago. Of fundamental importance is the fact that our position is sound and liquid; secondly, that our business has been conducted profitably, enabling us to add a goodly sum to rest and profit and loss accounts, after making full provision for losses; also, to pay an extra bonus of 2 per cent. to the shareholders in addition to the usual dividend.

Let me make it clear that this result is not the outcome of higher rates of interest on current loans in Canada. The rate of interest to the merchant and manufacturer at home is about the same as it was before the war. Our satisfactory earnings are, in part, a reflection of the increased current loans in Canada required by our customers in consequence of the high prices of all commodities and general trade activity, while our losses have been small. The volume of our call loans in New York is governed solely by our requirements in liquid reserves. We do not increase or diminish them on account of higher or lower rates, but we have been fortunate this year in that rates have averaged high.

As comparisons are constantly made between Canada and the United States, owing to general similarity in conditions, one anomaly attracts special attention, viz., that with credit restriction as acute here as it is across the line, the price of money is materially lower in the Dominion. This condition, in days of world-wide high interest rates, has attracted much attention in other countries, and is regarded as a tribute to Canada's good banking system. The one disadvantage of this cheap money condition is that persons on fixed incomes derived from investments face the higher cost of living, including income tax, with little increase in revenue. As everyone knows, the connection between the price of money and the yield on investments is of the closest.

Following our purchase of a substantial interest in the Colonial Bank, and in order to meet increasing business demands in Canada and elsewhere, your Board of Directors, in April last, decided to increase the Bank's paid-up capital stock by $2,000,000, bringing our total outstanding capital up to $22,000,000. The new shares were allotted to shareholders at $150 per share in the proportion of one new share for every ten then held. With reference to current loans in Canada, your Directors have felt impelled for many months past, in the Bank's and the country's best interests, to follow the policy found essential in every other country and keep within bounds our advances to merchants and manufacturers. This policy is in accordance with the views of the Dominion Government and has been followed, more or less closely, by all Canadian banks.

Naturally enough, exception has been taken in certain quarters to such restriction; but, as a rule, our customers have recognized the necessity of checking over-trading and further expansion in such times as we are now facing. There has never been a period in our experience when requests for advances for purposes out of the ordinary have been so numerous. It is safe to say that had credit been granted freely and banking resources become tied up, a serious condition would have resulted in this country. Already the tide has turned, and many of our friends now frankly admit the danger of the undue expansion so much in evidence a few months ago. We are convinced that the business of Canada is in a safer and sounder position to-day in consequence of a judicious credit restriction. A clear indication of the still extended credit situation is to be found in the ratio of commercial, municipal, and call loans in Canada to public deposits in Canada, now 81·15 per cent. for all the banks. A year ago the ratio was 64·10 per cent., and in 1918, 65·29 per cent. Our own percentage is 68 per cent. now as against 47·22 per cent. last year and 44·12 per cent. in 1918.

There is a general sense of relief resulting from the present evidence that the decline in the high cost of living has commenced. From now onward we may confidently expect the trend of prices to be downward, and with lower values the demands for bank credit should logically diminish. It is relevant to add that by restrictive measures the banks have contributed in no small degree to this improved condition. The record of commercial failures in any country is a fair index of its trade conditions. It is both pertinent and enlightening to note that in Canada there have been 856 failures during the twelve months constituting our bank year, as compared with 766 during the previous twelve months.

Our note circulation was at its lowest level for the year in January, when the amount outstanding was $39,600,000. Seasonal demands are more pressing now than at any other period of the year; consequently the figures may be expected to show a further increase. As the balance sheet indicates, the present amount is $42,367,000. In our investment column the only feature requiring comment is the decline of some $49,000,000, during the year, in the Bank's holdings of Dominion and Provincial Government securities. A year ago, the Dominion Government obtained important borrowings from us in anticipation of Victory Loan proceeds, and the latter, in due course, were applied in liquidating the special advances. It is noteworthy that the greatest expansion of the Bank during the past few years has been in our own country. This is revealed in our greatly increased loans and deposits in Canada and in the number of branches opened during the period.

	Loans in Canada	Deposits in Canada	Branches in Canada
1914......................	$123,147,000	$168,557,000	173
1920......................	240,725,000	358,878,000	302

Our London and New York offices remain necessary and profitable adjuncts to our business. Nevertheless, our chief duty is to provide facilities at home, and in Canada there is ample scope for expansion. Canada is still suffering from the slings and and arrows of outrageous fortune in the premium on New York funds, which continues an ever-present factor in our banking and commercial activities.

When this condition will disappear one cannot venture to predict, certainly not while the trade balances run so heavily against Canada. Undoubtedly, relief would come were we to borrow abroad in large volume by way of public loans, but that would be merely a palliative, not a remedy. In addition to this, the conversion rate of sterling precludes loans in London, while, in the United States, interest rates are penalizing. The advantage gained in bringing capital from New York in the premium on American funds is offset by the loss in providing interest thereon. What is wanted is rigid economies in the purchase of non-essentials abroad, with an increase in our own exports. It would then be only a question of time when investment capital would pour into this country of opportunities, and the full value of the Canadian dollar be restored. One advantage that Canada derives from the premium on New York funds is that American money earned in Canada remains here in considerable volume, and is not likely to be withdrawn so long as the present premium continues.

Although suffering from the effects of unusual departures necessitated by the war, the financial situation in London may be looked upon as sound. Money rates have been raised with the double purpose of retaining foreign balances in that centre and gradually forcing a reduction in the price of commodities. Another influence towards high rates has been the heavy demand for capital, chiefly through emissions of industrial issues, borrowers having to offer attractive terms to induce public buying. The banks have been criticized at times for their attitude in "rationing" credit, but their balance sheets plainly show that not only have stock exchange speculative loans been eliminated in favour of industry, but banking resources have been actually strained to meet the requirements of the latter.

The banking situation in New York has been under a strain for months past owing to the heavy demands on the banks for money by merchants, and others, carrying commodities at the high prices prevailing. The price of money for general purposes has risen to heights unknown for many years. The call loan rate, with which we are principally concerned, averaged 8·4 per cent. for the twelve months ending 31st October last, partly making restitution to bankers for the many lean years before the war in which New York loaned at extremely low rates. Readjustment in the financial and trade situation is to be expected, but there is good reason to believe it will be effected without undue difficulty, especially as the country has been blessed with bountiful crops. Heavy losses have been made in such commodities as sugar, silk, cotton, hides, and woollens, but the large profits of previous years to dealers in these commodities have enabled most houses to weather the storm.

In glancing through the published reports of our annual meetings of the past hundred years and more, one cannot but be struck by the recurrent warning regarding the commercial, financial, and economic outlook sounded by our predecessors in office. Equally impressive is the undeviatingly sustained faith expressed in Canada's future, and in her ability to win safely through those periods of inflation and depression which every country must meet and undergo from time to time, particularly every young country. That faith is stronger to-day than ever before. You will doubtless agree that such publicly expressed confidence, combined with conservatism, has been a factor for good in preventing mistakes and even disaster. No one will maintain that Canada has not made any mistakes, but we are surely justified in saying that fewer have been made in consequence of the safe policy of this institution for fifty years prior to Confederation, for over fifty years since Confederation, and that this discretion still remains our guide.

Your President has clearly outlined the hazards of the present situation, and his ripe and unique experience cannot fail to carry great weight. I might add that, in my opinion, we have never faced a banking and business situation requiring more delicate handling. Since August, 1914, the world has travelled far along the road to ruin. We may be thankful that the waste and destruction ended before the point of utter exhaustion was reached. Canada has not escaped, but we are still a virile people in a goodly land. There is no reason for dismay over our national outlook, but there is every reason for sober thought while we take stock of our resources and of our prospects. We must bear in mind there is no royal road to the stable conditions of former years, no magic by which we can restore the wealth that has been lost or wipe out the debts incurred. There is nothing for it but to repair the damage, retrench, and confidently work out our salvation.

THE BANK OF MONTREAL

GENERAL STATEMENT

LIABILITIES

Capital Stock		$22,000,000.00
Rest	$22,000,000.00	
Balance of Profits carried forward	1,251,850.03	
	$23,251,850.03	
Unclaimed Dividends	9,821.99	
Quarterly Dividend, payable 1st December, 1920	660,000.00	
Bonus of 2% payable 1st December, 1920	440,000.00	
		23,767,672.02
Notes of the Bank in circulation	$42,367,310.00	
Balance due to Dominion Government	17,657,119.82	
Deposits not bearing interest	111,739,215.02	
Deposits bearing interest, including interest accrued to date of statement	322,578,613.54	
Deposits made by and Balances due to other Banks in Canada	2,863,393.90	
Balances due to Banks and Banking Correspondents elsewhere than in Canada	4,381,644.15	
Bills Payable	2,500,807.12	
		504,088,103.55
Acceptances under Letters of Credit		7,836,994.38
Liabilities not included in the foregoing		1,864,042.90

ASSETS

Gold and Silver coin current		$25,187,389.81	
Dominion Notes		48,199,032.50	
Deposit in the Central Gold Reserves		21,200,000.00	
Balances due by Banks and Banking Correspondence elsewhere than in Canada	$15,202,365.82		
Call and Short (not exceeding thirty days) Loans in Canada, on Bonds, Debentures and Stocks	1,944,383.03		
Call and Short (not exceeding thirty days) Loans in Great Britain and United States	95,017,883.64		
		112,164,632.49	
Dominion and Provincial Government Securities not exceeding market value		14,863,954.49	
Railway and other Bonds, Debentures and Stocks, not exceeding market value		4,542,070.76	
Canadian Municipal Securities, and British, Foreign and Colonial Public Securities other than Canadian		36,749,430.85	
Notes of other Banks		3,367,578.09	
Cheques on other Banks		22,872,419.35	
			$289,146,508.34
Current Loans and Discounts in Canada (less rebate of interest)		223,495,472.43	
Loans to Cities, Towns, Municipalities and School Districts		14,785,686.94	
Current Loans and Discounts elsewhere than in Canada (less rebate of interest)		17,619,853.19	
Overdue debts, estimated loss provided for		598,988.99	
			256,500,001.55
Bank Premises at not more than cost (less amounts written off)			5,500,000.00
Liabilities of Customers under Letters of Credit (as per contra)			7,836,994.38
Deposit with the Minister for the purposes of the Circulation Fund			1,038,166.60
Other Assets not included in the foregoing			129,141.98
			$560,150,812.85

VINCENT MEREDITH,
President.

FREDERICK WILLIAMS-TAYLOR,
General Manager

THE BANK OF MONTREAL

BOARD OF DIRECTORS

SIR VINCENT MEREDITH, BART., *President.*

R. B. ANGUS, ESQ.
H. R. DRUMMOND, ESQ.
LT.-COL. HERBERT MOLSON, C.M.G., M.C.
G. B. FRASER, ESQ.
E. W. BEATTY, ESQ., K.C.
LORD SHAUGHNESSY, K.C.V.O.
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SIR FREDERICK WILLIAMS-TAYLOR, *General Manager.*

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Assistant General Manager and Superintendent Quebec, Maritime, Newfoundland and Mexico Branches.

G C. CASSELS
Assistant General Manager and Manager London Branches.

D. R. CLARKE
Assistant General Manager and Superintendent Ontario Branches.

E P. WINSLOW
Superintendent Western Branches.

CANADA AND THE WEST INDIES

ANNUAL ADDRESSES AND REPORTS
OF
THE ROYAL BANK OF CANADA*

52nd Annual Meeting of the Bank

The 52nd annual general meeting of the Royal Bank of Canada was held at Montreal on Jan. 13, 1921, with Sir Herbert Holt in the chair. Mr. C. E. Neill, General Manager, read the Directors' Report:

PROFIT AND LOSS ACCOUNT

Balance of Profit and Loss Account, Nov. 29, 1919	$1,096,418.74	
Profits for the year, after deducting Charges of Management and all other Expenses, Accrued Interest on Deposits, full Provision for all Bad and Doubtful Debts and Rebate of Interest on Unmatured Bills	$4,253,649.24	
		$5,350,067.98
Appropriated as follows:		
Dividends Nos. 130, 131, 132 and 133 at 12% per annum	$2,153,159.11	
Bonus of 2 per cent. to Shareholders	402,680.20	
Transferred to Officers' Pension Fund	100,0000.00	
Written off Bank Premises Account	400,000.00	
War Tax on Bank Note Circulation	180,295.47	
Transferred to Reserve Fund	1,567,005.00	
Balance of Profit and Loss carried forward	546,928.20	
		$5,350,067.98

Remarks by C. E. Neill, General Manager of the Bank

The statement submitted to you to-day records another year of substantial growth. The total assets of the bank are now $594,670,013.43, an increase of $61,022,928.50 for the year. Total deposits are $455,017,387.02, the growth being $61,463,229.74. It will be noted that there is a shrinkage in free deposits, which is accounted for by the fact that on November 30, 1919, we had large special deposits in connection with subscriptions to the Victory Loan. The substantial increase in interest-bearing deposits is a particularly satisfactory feature, inasmuch as deposits of this class to a considerable extent represent the savings of the people.

The note circulation of the bank continues to expand. An increase of no less than $52,951,830 in current loans is the result of our policy of affording legitimate assistance to clients of the bank during a period of great trade expansion. The percentage of current loans to total assets of the bank is now 48·16. The substantial reduction in our holding of Government securities is

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*Note.—For History of the Bank see Supplement to *The Canadian Annual Review* for 1910; for succeeding Reports and Addresses see Volumes of 1911-19.

due chiefly to repayment of loans granted to the Imperial Government for war purposes. In view of the heavy demands made on us by commercial borrowers, it is satisfactory to note that the liquid position of the bank is well maintained, liquid assets being 50·50 per cent. of liabilities to the public, our actual cash and deposits in banks being over 30 per cent. of our total liabilities.

The capital of the bank has been increased during the year by the issue of 34,000 shares to our shareholders at $150 per share. Although the final installment is not due until April 11, only $265,990 remains to be paid on account of the new issue. The reserve fund now equals the capital, having been increased through the year by the premium received on new stock and by an appropriation from profits. The substantial growth in the bank's resources has resulted in a satisfactory increase in earnings, the net profits being $4,253,649.24, equal to 23·70 per cent. on our capital, or 12·01 per cent. on our combined capital and reserve.

The usual dividends and an additional bonus of 2 per cent. have been paid to shareholders, and a balance of $546,928.20 is carried forward in Profit and Loss Account. I desire to draw particular attention to the fact that in addition to writing off all bad debts, the fullest provision has been made for any loans of a doubtful character. In view of existing conditions, a particularly careful re-valuation of the assets of the bank has been made, and it is gratifying to know that our position is a very satisfactory one. In this connection I wish to draw special attention to the fact that the loans of the bank are very widely distributed, and that we have no unusually large individual advances of any kind on our books. Our loyal and efficient staff has rendered particularly good service during the past year.

Address by Sir Herbert S. Holt, President of the Bank

In a year marked by world-wide economic disturbances, our profits have been very large, enabling us to make liberal distirbutions. Credit inflation and increased prices for all commodities continued up to three months ago, when we entered upon the last and most difficult stage of reconstruction, the lowering of abnormal prices to natural levels. We stated at our last Annual Meeting that such a re-adjustment was inevitable, and all the efforts of the bank have been directed to a quiet and orderly transition with the least possible injury to trade and industry. An increase of $40,000,000 in our current loans in Canada proves that we have been at all times ready to extend reasonable assistance to the business community.

The precipitate decline in the price of practically all commodities has been followed by an epidemic of cancellation of contracts, not widespread in Canada, but very prevalent abroad. I consider this a very dangerous symptom. To seek to escape payment for merchandise at prices which now indicate a loss is dishonourable. Our entire business structure is based on integrity, and has developed only as business morality has developed.

Creditors should, wherever possible, give longer time to those of their customers who have to realize on goods bought at high prices. In return, these customers should stick to their agreements. Any other procedure is fatal to good business.

Our trade continues to grow in volume, but during the year just ended imports have exceeded exports to the extent of some $50,000,000. This adverse balance of trade is disquieting, and the outflow of returns on foreign capital adds to the difficulties of the situation. The steady increase of American investments in Canada is an equalizing factor, but inadequate. Only by increasing the sale of Canadian commodities can we avoid increasing our foreign indebtedness. Never, even in war time, was it so essential to increase our exports. A duty falls on manufacturers to produce articles of a quality and price that will compare favourably with foreign makes, and on our agricultural interests to increase production.

The position of Canada is fundamentally sound. Considering the times, we are a fortunate people. No nation has escaped the aftermath of the war, and throughout the world there is disturbance or unrest. In China, famine spreads desolation; confusion and terror reign in Russia, while Europe is grappling with complex problems. Even in progressive Japan, industry is paralyzed. Contrast this with our condition. Our crops are the most valuable in our history, even at the reduced prices obtainable; bank deposits have doubled since 1913; most merchants have set aside reserve in the years of plenty to tide them over a lean period, and a great part of the bonded indebtedness of the country is held within the Dominion. Moreover, our friendship and cordial relations with our neighbor render unnecessary the expenditure for armaments which is strangling Europe. Unemployment is less, and business failures are fewer, comparatively, than in the United States, and when our war liquidation is over, we should be among the first to enter upon a new era of stable prosperity.

Already there are signs of improvement in Great Britain. She is rapidly regaining strength, and reducing her foreign financial obligations. Those to the Canadian banks will be repaid in installments within eighteen months. During the last twelve months the exchange value of the pound sterling has made an average advance of thirty per cent in the ten principal markets of the world. Its present low value in the United States and Canada is not an index of British conditions, but of the additional weight of finance borne for other European nations. The world needs an enduring peace and we have followed with pride the action of our representatives at the first meeting of the League of Nations. They have voiced our resolve to maintain the position won through great sacrifice. We cannot hope to resume normal trade relations with Europe until settled conditions are restored. In the meantime, it is well for us that our Empire offers so wide a market, with adequate means of payment, and assurance that trade contracts will be respected.

Government control has practically disappeared during the year just past—wheat, paper and sugar being the commodities to be freed from regulation. Government ownership of transportation systems has developed. Without any advantage to the public in efficiency or rates, the operation of our national railways during the last twelve months has resulted in a loss which will probably more than absorb the amounts collected on Excess Profits and Income Taxes for the year 1919. Unless Government methods of operation are more efficient in this country than they have been in others, tax payers in Canada may find the maintenance of their railroads and fleet more expensive than pension charges and other legacies of the war combined. Of a total of $6,400,000,000 spent by the United States during the last year, $1,037,000,000 went to pay the cost incurred by the Government in its control of the railroads. The present waste is obvious and the remedy should be speedy and effecttive. The needs of the country call for business-like administration of its assets. If this be afforded, we can attack our problems with added confidence.

Our subscription of $250,000 to the recent Campaign Fund of McGill University—payment of which is spread over a period of five years—will, I am confident, meet with your hearty approbation. Our country, with its undeveloped natural resources, its vast stretches of untilled farm lands, and its growing trade, needs the services of skilled men and women such as McGill and Macdonald send forth. In years to come the expenditure will yield a manifold return to the nation, and through the nation to the bank.

You will doubtless wish to hear how we fared in Cuba, in view of the recent financial distrubances in that Island, and our interests there. The business of Cuba is bound up in sugar. Production last season was some 700,000 tons less than estimated, and prices rose abnormally, reaching over 23½ cents per pound last May. A sugar famine in the United States appeared inevitable, when relief came from an unexpected source. Financial distrubances in the Far East, and the sudden fall in the silver exchanges, led to the curtailment of Far Eastern purchases of sugar in the Java market. This sugar was available for the United States and it is estimated that that country purchased altogether 500,000 tons of Java and other sugars, of which ordinarily not a pound would have come to this continent. The market price broke violently and has continued steadily downward, to-day's quoted price being 4½ cents per pound.

Cuba was left holding a stock of 300,000 tons, about ten per cent. of last season's production. Ninety per cent. of the crop had been sold at prices which averaged not less than 10c per pound, and the amount thus realized, over $700,000,000, was much greater than that obtained for the whole crop of 1918-19, itself a record season. Certain individuals and firms, however, were hard hit by the collapse in prices. The fall left them to face a severe loss, and these individual embarrassments were the original cause of Cuba's troubles. The difficulties of one Cuban bank, which suspended operations in October last, were caused only partly by losses in sugar. The main reason was probably over-extension of its business. On its suspension the Cuban Government declared a moratorium.

Thanks to the precautions taken by our management in early warning our offices in Cuba of the inevitable reaction that would follow the excessively high prices, and instructing them to adhere to our policy of making no advances for speculative purposes, I am pleased to tell you that we have made no loss, and do not anticipate making any loss as a result of the present financial disturbances; in any case, full provision has been made for unforseen contingencies. We are conducting business as usual, not taking advantage of the moratorium, being satisfied, after an experience of over twenty years, that there is no safer banking field than Cuba.

While I see no need for pessimism at this time, we should face the situation. The present re-action is a temporary set-back only, but before normal business activity is restored, further liquidation is inevitable. In the United States this liquidation has proceeded far more rapidly than here, and the fall in prices has been much greater than with us. I see no escape from the common level. This further fall will involve business losses, curtailment of manufacturing and partial unemployment of labor. Trade will then be placed on a sounder and surer basis. There is comfort in the thought that a return to normal prices will bring relief from the high cost of living which has become so intolerable.

Address by Edson L. Pease, Vice-President and Managing-Director of the Bank

The past year has been an eventful one. Within the last few months we have seen the period of rising prices brought to an end. The high was reached in May last, since when there has been an average decline in wholesale prices of more than 15 per cent. In the United States there was a decline of 34 per cent. thirteen per cent. of which occurred in the month of November. For the majority, the cost of living is governed, not by wholesale, but by retail prices, and the average of these in Canada and elsewhere has not yet declined to nearly the same extent as that of wholesale prices. Stocks are probably quite up to normal, while buying power has weakened, therefore retail price reductions are to be expected now that the holiday season is over.

The character of our foreign trade has also changed sharply. The year ending November 30, 1920, shows an adverse balance of $56,000,000, as compared with a favorable balance for the year ending November 30, 1919, of $330,000,000. Exports during the past year were well maintained at slightly above the level of the previous year, but imports showed an increase of $425,000,000. Our imports from the United States amounted to $925,000,000, an increase of $200,000,000 over the previous year, due in large part to increased prices of commodities. During the five years 1910-1914, the percentage of exports to the United States to imports from the United States averaged 40 per cent. Since then the percentage has improved and will probably be 58 per cent. this fiscal year. Our exports last year were notably supported by sales of lumber, pulp and paper. On the other hand, the consumption of those articles for the supply of which we are largely dependent upon the United States, is increasing with the growth of the country. Iron and steel products imported during the six months ending September were of about the same value as those for the entire fiscal year of 1913, viz: $130,000,000. The year's purchases of cotton and its products in the United States were $70,000,000, compared with $17,000,000; automobiles 11,000, as against 8,000; $12,500,000 worth of automobile parts, as compared with less than a million dollars. We consumed 300,000,000 gallons of United States petroleum, gasoline and the lubricating oils, as against 190,000,000 in 1913.

Is it any wonder we are suffering from adverse exchange rates? The only correctives are, we repeat, the curtailment of imports of non-essential articles and the increase of exports. So far as a country's currency is at a discount, the cost of imports is increased, and wide fluctuations tend to change legitimate business into speculation. We in Canada have been fortunate in that our exchange relations with the United States have been fairly stable compared with those of other countries with the United States. The premium on American funds ranged from eight to nineteen per cent. during the past year, and is now 15%. Contrast this with the discount on other currencies in New York on December 31; Sterling 27 per cent., French exchange 69 per cent., and Italian 82 per cent.

Difficulties incident to a period of falling prices in Canada and abroad have been lessened by the fact that this year's field crops in the Dominion have been abundant, and are estimated to represent in value an increase of one hundred and eighty-four million dollars over the previous year, this despite the fact that the acreage sown to wheat in 1920 was about a million acres less than the previous year, and the average price for wheat is low compared with the price paid by the Government last year for the entire crop, viz: $2.63 per bushel. The partial abstention of the British Royal Commission from buying new crop wheat has been an unfortunate feature, but their place in the market has been taken to a certain extent by the United States and various continental countries.

Between September 1st and the close of navigation on December 14, 85 million bushels of wheat were shipped by water from Port Arthur and Fort William, of which 57 million bushels went to United States ports, and 28 million bushels to Canadian ports. These shipments compared with 52 million bushels for the same period in 1919, 50 millions in 1918, and 87 millions in 1917. It is evident that the quantity of wheat sold by the farmers this season is much greater than last, the increase in sales being probably in excess of 20 million bushels, in spite of delays in threshing and transportation difficulties.

A favourable feature, and one likely to have considerable effect on the future production of the Western Provinces, is the development of the Soldiers' Settlement scheme. The Board in charge of this scheme reports that in the Western Provinces alone, returned men have taken up a total of 3,100,000 acres of land; of these, two million acres are free lands granted to veterans, 8,000 of whom availed themselves of soldiers' grants under the Act. Nearly 14,000 loans, amounting altogether to 56 million dollars, have been made by the Board to settlers in the three Prairie Provinces. In all Canada, there were 20,000 loans effected, totalling $80,000,000.

Despite the generally unsatisfactory condition of international trade, due to impaired buying power and depreciation in exchanges, we have every reason to be thankful for the results and the quality of the business we have built up in the countries where we are represented. Our branches in South American are making steady progress, and we are well pleased with the outcome of our first year's operations there. We are moving slowly, taking no undue risks. It must not be supposed that a bank's interests in a foreign country are necessarily jeopardized in consequence of weak exchanges. As a matter of fact we are not affected by the wide up and down movements in exchange, since our position in the exchange market is covered daily by sales against purchases and vice versa.

Without exception, the operation of our foreign branches has been satisfactory, and in this connection I desire again to put on record my views as to the advantage of conducting foreign business, where possible, through the medium of our own branches rather than through affiliations with other banks, which we do not control. It is only through its own branches that a bank can keep in close touch with its customers and give efficient personal service. That the expansion of a bank does not mean a drain on the main organization is something which I have had occasion to point out many times. The figures of our foreign loans and deposits as they stood at Novemeber 30, last year affirm this fact.

Deposits	$164,000,000
Loans	102,000,000

The Commerce Reports of the Dominion have year by year afforded ample testimony of the national service rendered by the bank in extending our markets abroad. Wherever we have opened branches, trade with Canada has been stimulated. This statement is emphasized by a recent report in which the Trade Commissioner for Brazil draws attention to the fact that since the inauguration of a direct shipping service by the Dominion and of the banking facilities which the Royal Bank of Canada has provided, trade between Canada and Brazil, previously of small dimensions, has shown distinct increase. I referred last year to our intention of establishing a department which would provide enquirers with any special information desired. The Foreign Trade Department has now been in operation for nearly a year, and during that time has been able to render many services to Canadian exporters and importers, and to our clients abroad. In addition to providing general information on foreign markets, this department has in many cases placed Canadian exporters in touch with prospective customers with whom they have later developed a satisfactory business. In the early part of the year it was frequently impossible to find Canadian producers who were in a position to consider the many orders which came from other countries; Canadian conditions are now changing, but in view of conditions abroad we are advising exporters to proceed with caution. We think that in the years to come our Intelligence Department will prove of great utility.

The department also compiles and publishes a monthly commercial letter reviewing trade and business conditions in Canada and the countries where we are established. This letter has been much appreciated by those who receive it. We further published, a few months ago, a booklet "Canada's Possibilities", which has had a large circulation among manufacturers and business men in the United States, and to a lesser degree in England. The preferential tariff agreement between Canada and the British Colonies in the Caribbean, which now awaits ratification by the Dominion Parliament, will not only result in trade advantages, but will serve to strengthen the movement for closer union. A most gratifying feature is that Jamaica, British Honduras, Bermuda and the Bahamas, which did not join in the old pact of 1912, are parties to the new arrangement, Canadian trade with these British colonies, which was increasing steadily under the influence of the preferential tariff arranged in 1912, will receive fresh impetus from the very favourable conditions now in prospect. The trade of the British West Indies reaches surprisingly large figures, the total value of their 1919 imports and exports being about 250 million dollars. Of this amount, a little over 100 million dollars is represented by imports, one-third of which are supplied by the United States.

In summing up the general business situation, while I feel that casual optimism is out of place, and that we ought all to recognize the fact that business is being brought down to a new and sounder basis, I think that undue pessimism is just as bad as the other extreme. What ever the difficulties we have to face in the near future, the fundamentals of Canada's position are sound, granted that the Canadian people work hard and exercise reasonable economy.

In the period we are thus looking forward to, I feel confident that this bank will play no small part.

BRITISH WEST INDIES

The year commenced most favorably for the British West Indies. Until May, the price of sugar rose continually, and in the early months of 1920, cocoa, coffee, Sea Island cotton, cocoanuts, bananas, limes, and the other products on which the British West Indies and British Guiana rely for their prosperity, were in strong demand. By the time the reaction in prices commenced, most of the crops had been disposed of, and apart from the difficulties of a few dealers who were left with unsold stocks of West Indian produce on their hands, the whole period under review has been a satisfactory one. The decline has been important mainly as it affects prospects for the future. While the planter of the British West Indies will naturally not obtain the large returns of recent years, the conditions under which production is carried on are such that profits can and will be made at prevailing prices.

One of the most gratifying features of the year has been the adoption of a new Preferential Agreement between Canada and the British Colonies in the Caribbean. This arrangement not only takes in those places which were not parties to the previous agreement, but it also increases existing preferences very largely. The United States increased their business with the British West Indies during the war at the expense of England. This operation may now be reversed. In any event, the time is ripe for even greater extension of Canadian business, assisted as it is by propinquity, tariff preferences, and the natural constitution of these colonies and Canada, which makes the products of the one the requirements of the other.

JAMAICA

Total imports for the calendar year ending 1919 were $24,400,000. This is an increase over the previous year of $8,160,000, higher prices being mainly responsible for the higher figures. The following table shows the countries from whom the imports were received:

	1918		1919	
United Kingdom	$2,601,000	16·1%	$4,857,000	19·9%
United States	10,948,000	67·6%	15,152,000	66·1%
Canada	1,560,000	9·6%	2,544,000	10·5%
Other countries	1,089,000	6·7%	849,000	3.5%

Total exports for the year were $27,000,000, an increase of approximately $14,400,000 over the previous year. Nothing gives better evidence of the prosperity of the island. Sugar, bananas and rum constituted about two-thirds of the exports mentioned. The wide fluctuation of prices for the commodities produced by the British West Indies is well illustrated by the following figures which refer to Jamaica:

	Top Price	Present Levels	
Cocoanuts	32/-	20/-	per 100 Nuts
Sugar	£110	£42	" Long Ton
Rum	£40	£30	" Puncheon
Cocoa	72/-	30/-	" Cwt.
Coffee	110/-	40/-	" 100 lbs.
Bananas	£13.15/-	£10	" 100 bunches

The decrease in price shown for bananas is caused by special conditions and is expected to be temporary. This is the one product in which a substantial decline is not looked for. In view of the fact that the great bulk of the recent crops was sold before the depression began, the island can be said to be in a good position. Large sums of money have been made, and as soon as any buying develops, the majority of the planters should be able to obtain fairly satisfactory results from the sale of their goods. Our branch has this year handled the large amount of Cuban business which has developed through the emigration from Jamaica to the island of Cuba.

TRINIDAD AND TOBAGO

The past year's sugar crop amounted to some 58,000 tons, an increase of 11,000 tons over the preceding season. The cocoa crop was also a satisfactory one, and a good proportion of it was sold before the decline in prices became severe. Business in general has been dull for some months. Both the imports and the exports of Trinidad and Tobago showed considerable increases in value during the year 1919, this being attributable to increased prices and improved shipping facilities. Imports were valued at about $30,000,000, exports at about $35,000,000. 1920 imports and exports will probably set up fresh records.

SOME EXPORTS OF PRODUCE FROM TRINIDAD

1st January to 15th June:	1919	1920
Asphalt, tons	26,942	50,438
Cocoa, lbs	41,349,900	45,576,000
Petroleum, gals	23,057,347	18,294,584
Sugar, bags	239,715	303,933

Trade with Canada has made satisfactory progress. Imports from the Dominion in 1919 were over $5,000,000, as compared with less than $4,000,000 in 1918 and $3,600,000 in 1917. The proportion of import trade held by Canada shows an increase as well. In 1919 it was 20·5 per cent., compared with 18·6 and 18·1 per cent. in 1918 and 1917 respectively. Foodstuffs formed the bulk of Canada's exports to Trinidad, and of these flour and salt fish were the main items. In the oil industry, development work was carried on on a good scale, almost altogether by English controlled companies. The Trinidad Government loan of £1,000,000 was over-subscribed by £500,000.

BARBADOS

The 1919-1920 sugar crop in Barbados was a poor one—some 55,000 tons compared with 75,000 in the season 1918-19. Prices realized, however, were good. The conditions prevailing in the sugar market during the early part of the year led to a number of transactions in sugar estates, which changed hands at high prices. Those who purchased at the top of the market will have difficulty in making a profit on their investment. The prospects for the coming sugar crop have been affected by lack of rain. Exports for 1919 were valued at $15,864,000, imports at $18,686,000.

An index to the island's prosperity is provided by the figures of subscriptions to the recent Trinidad Government loan, of which Barbados took £400,000.

GRENADA

The 1920 cocoa crop was a late one. This, with the slump in prices, did not tend to give the planters a prosperous year. Nutmegs were fairly plentiful, but prices were low and demand slack.

Exports for 1919 were valued at $3,057,000 and imports at $2,102,000, giving the island a favourable balance of close to $1,000,000. Exports of cocoa during the first three months of 1920 were 53,888 hundred-weight, compared with 23,280 hundred-weight in the same period of 1919; nutmegs, 2,338 hundred-weight, as against 2,911 hundred-weight.

ST. KITTS, NEVIS

General conditions in these islands are good. £38/10/–per ton was obtained for the 1920 sugar crop (crystals) as compared with £25/10/–per ton for 1919. Cotton, which is the other main product, sold at 4s. 9d per pound, as compared with 3s. 3d. These prices meant good returns, since the 1920 sugar crop was the same size as that of 1919, some 10,000 tons. A large new sugar factory is being established in St. Kitts. Exports for 1919 were valued at $1,752,000, imports at $1,440,000, the favorable balance being therefore $312,000.

ANTIGUA

The sugar crop of the past year was a good one, yielding 15,500 tons compared with 12,800 in 1919. This, with the good crop of and high prices prevailing for Sea Island cotton, resulted in prosperity for Antigua. A shortage of foodstuffs, such as cornmeal and flour, which had existed early in the year, was more than made up, with the result that the market is now over supplied. Exports and imports for 1919 were valued at $1,651,000 and $1,488,000 respectively. The favourable balance in the island's trade, therefore, amounted to some $163,000.

DOMINICA

High prices for lime juice and cocoa had a favourable effect on business in Dominica early in 1920. The island was able to market its products successfully. The price of concentrated lime juice has now fallen to £25 per pipe of 108 gallons, compared with £45 per pipe in London a few months ago. This situation joined to the stagnation which exists in the cocoa market, has made business extremely quiet. The cocoa crop will be a late one this year. As in some of the other islands, heavy stocks of flour are on hand and purchases have been stopped. Exports during 1919 were valued at $1,228,800; total imports at $990,400.

MONTSERRAT

The island of Montserrat transacts a small but flourishing business in which Canada has a good share. Of imports valued at about £55,000, Canada contributed £14,000 in 1918. Flour, fish and lumber are the main commodities of Canadian origin. The cotton industry, which is the most important in Montserrat, has enjoyed great prosperity. The island's exports for 1919 were valued at $489,600, imports at $326,400.

ST. LUCIA

We have recently established a branch at Castries, St. Lucia. This island is an important coaling station, and has a sugar industry which compares favourably in size with the industries of the smaller British West Indian islands. Limes and cocoa are other important products of St. Lucia.

THE BAHAMAS

The total imports of the Bahamas were valued at $1,834,973 in 1918, $2,630,456 in 1919. At least four-fifths of the imports in every class came from the United States. Exports were valued at $1,356,915 for 1918 and $1,864,000 for 1919. An excess of imports is a common thing in the trade of the Bahamas. It is adjusted mainly by the receipts from the winter tourist traffic, which is now large and profitable. The recent entry of the Bahamas into the Preferential Agreement with Canada, and the inauguration of a freight and passenger service between Canadian ports and Nassau, will tend to increase the Bahamas trade with Canada. Imports from the Dominion in 1919 were only 4 per cent. of the total imports, 81 per cent. of the total coming from the United States.

BRITISH GUIANA

The British Guiana sugar crop in 1919-20 amounted to 96,000 tons which compares with 107,000 tons in 1918-19. It sold at satisfactory prices. Some exports from British Guiana for the four months, January-April, 1919 and 1920, are given below:

	1919	1920
Diamonds, carats	6,480	6,604
Gold, ozs	4,520	2,302
Rice, lbs	2,068,293	15,497,881
Sugar, tons	24,997	24,270

The rice crop in the Corentyne and West Coast district was badly damaged, but in the Mahaica and Mahaicony districts, where irrigation has been resorted to, the crop did well and good results are expected. The Government has removed its control from the rice market as far as price is concerned; the embargo against exportations will continue until October, 1921. Rice buyers were offering in December a price some $2 per bag below the old maximum official price. The bauxite industry is making progress, and some quantity has been shipped during 1920. A plant has been installed to allow of the water being extracted from the ore, which, up to the present, has been shipped in its rough state. Exports from British Guiana in 1919 were valued at $18,840,000, imports at $15,720,000.

BRITISH HONDURAS

British Honduras is a colony which has only recently been put in direct touch with Canada. Prior to the establishment of a freight and passenger service by the Canadian Government Merchant Marine, the difficulties of communication were almost insuperable so far as business was concerned. A small quantity of Canadian flour was imported via New Orleans, but the cost of transportation naturally acted as a handicap to the extension of trade. As the situation stands, Canada is in a good position to supply British Honduras with its foodstuff requirements.

British Honduras money being on a par with United States currency, Canada is an advantageous source of supply. The chicle and mahogany industries, which constitute the most important part of the business of British Honduras, are normally prosperous, and there is good reason for hope that they will escape the severe reaction which is taking place in so many other industries the world over.

The following Directors were elected for the ensuing year:

A. J. Brown, K.C.
W. J. Sheppard
C. S. Wilcox
A. E. Dyment
C. E. Neill
Sir Mortimer B. Davis, K.B.
G. H. Duggan
John T. Ross
R. MacD. Paterson
W. H. McWilliams
Capt. Wm. Robinson
A. McTavish Campbell
Robert Adair
T. Sherman Rogers, K.C.
C. C. Blackadar
Sir Herbert S. Holt, K.B.
E. L. Pease
Jas. Redmond
G. R. Crowe
D. K. Elliott
Hon. W. H. Thorne
Hugh Paton

Subsequently Sir Herbert Holt was re-elected President, and Mr. E. L. Pease, Vice-President.

LIABILITIES

To the Public.	
Deposits not bearing interest	$123,329.308.42
Deposits bearing interest, including interest accrued to date of Statement	331,688, 178.60
Total Deposits	$455,017,387.02
Notes of the Bank in Circulation	41,672,973.74
Balance due to Dominion Government	19,972,801.38
Balances due to other Banks in Canada	6,807.41
Balances due to Banks and Banking Correspondents in the United Kingdom and foreign countries	14,959,003.06
Bills Payable	3,997,678.28
Acceptances under Letters of Credit	17,228,647.29
	$552,855,298.18
To the Shareholders.	
Capital Stock Paid up	$20,134,010.00
Reserve Fund	20,134,010.00
Balance of Profits carried forward	546,928.20
Dividends Unclaimed	11,107.37
Dividend No. 133 (at 12% per annum), payable Dec. 1st, 1920	585,979.48
Bonus of 2%, payable December 15, 1920	402,680.20
	$594,67 ,013.43

ASSETS

Current Coin.	$17,910,122.50
Dominion Notes	28,727,403.00
United States Currency	27,181,668.00
Other Foreign Money	6,723,995 37
Deposit in the Central Gold Reserves	23,500,000.00
Notes of other Banks	3,431,180.21
Cheques on other Banks	26,490,706.01
Balances due by other Banks in Canada	291.51
Balances due by Banks and Banking Correspondents elsewhere than in Canada	37,044,019.59
Dominion and Provincial Government Securities, not exceeding market value	12,808,172.80
Canadian Municipal Securities and British, Foreign and Colonial Public Securities other than Canadian, not exceeding market value	21,400,126.90
Railway and other Bonds, Debentures and Stocks, not exceeding market value	16,117,459.49
Call Loans in Canada, on Bonds, Debentures and Stocks	12,899,573.85
Call and Short (not exceeding thirty days(Loans elsewhere than in Canada)	44,962,994.23
	$279,197,713.46
Other Current Loans and Discounts in Canada (less rebate of interest)	183,747,409.41
Other Current Loans and Discounts elsewhere than in Canada (less rebate of interest)	102,674,210.39
Overdue Debts (estimated loss provided for)	420,381.04
Real Estate other than Bank Premises	966,349.43
Bank Premises, at not more than cost, less amounts written off	9,498,425.46
Liabilities of Customers under Letters of Credit, as per contra	17,228,647 29
Deposit with the Minister for the purposes of the Circulation Fund	860,000.00
Other Assets not included in the foregoing	76,876.95
	$594,670,013 43

H S. HOLT,
President

EDSON L. PEASE,
Managing Director

C. E. NEILL,
General Manager

FIFTY YEARS OF PROGRESS

ANNUAL ADDRESSES AND REPORTS OF

THE DOMINION BANK*

50th Annual Report of the Bank.

The Directors beg to present the following Statement of the result of the business of the Bank for the year ended 31st December, 1920:

Balance of Profit and Loss Account, 31st December, 1919			$ 495,707.05
Profits for the year, after deducting charges of management and making full provision for bad and doubtful debts		$1,347,011.11	
Less			
Dominion Government Taxation	$120,000.00		
Provincial Government Taxation	38,500.00		
		158,500.00	
Making net profits of			1,188,511.11
			$1,684,218.16
Which amount has been disposed of as follows:			
Dividends (quarterly) at Twelve per cent. per annum	$720,000.00		
Bonus—one per cent.	60,000.00		
Total distribution to Shareholders of Thirteen per cent. for the year		780,000.00	
Contribution to Officers' Pension Fund		35,000.00	
		815,000.00	
Written off Bank Premises		200,000.00	
		$1,015,000.00	
Balance of Profit and Loss Account carried forward		669,218.16	
			$1,684,218.16

E. B. OSLER,
President.

C. A. BOGERT,
General Manager.

Address by Clarence A. Bogert, General Manager of the Bank.

Respecting the Statement for the year submitted for consideration to-day, expansion in the Bank's business has been satisfactory and the results are encouraging. The Net Profits are the highest yet recorded, and after providing for a distribution of 13% to the Shareholders, a contribution of $35,000, to the Pension Fund Society and writing $200,000 off Bank Premises Account, $669,000 is carried

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*Note.—For History of Bank see *Supplement* of 1911 Volume; for 1919 Annual Report and Addresses see 1919 Volume.

Clarence A. Bogert
General Manager of the Dominion Bank
President of the Canadian Bankers' Association

forward—$174,000 more than the year previous. An exhaustive and accurate valuation of all the Bank's premises, land, buildings and equipment has recently been completed by a competent, independent Appraisal Company, and the Shareholders will doubtless learn with satisfaction that they are entered on the Statement on the most conservative basis—as they should be.

It is idle now to comment on advice unheeded or lessons that have been learned, but by referring to the proceedings, the Shareholders will observe that at the last two Annual Meetings frequent reference was made to the expected period of deflation that would inevitably follow the conclusion of the War. We may assume that a very large percentage of Canadian business people were convinced that a marked decrease in commodity values would take place, but, unfortunately, just as large a percentage were unprepared for the situation when the very sudden drop in prices of practically all classes of merchandise took place in 1920. Fortunately, in almost every line of business substantial profits have been made during the past three or four years, otherwise the situation would have been far more serious. As it is, in many cases profits will disappear and inroads will be made on capital. In view of all these conditions, the inspection and valuation of the Bank's Assets by its officers and Auditors, has been more than usually thorough and drastic. So far as it is possible to do so, every provision was made for business of a doubtful character before the final figures in the Annual Statement were compiled. That the present year will bring many further commercial complications is obvious, but insofar as the commercial loans of The Dominion Bank are concerned, we feel that they are, on the whole, of an exceptionally good class and that the great majority of borrowers are in a position to stand any reverse that may arise through shrinkages in values of commodities or other business contingencies which are sure to occur at such a time as this.

During the past few weeks we have had a plethora of comments and views from financial and commercial authorities and from the press, on the unusual features of finance and commerce that have arisen during the past twelve months. All these matters have been exhaustively and intelligently dealt with by many competent authorities. There are two or three questions, however, that might be referred to with advantage.

With the cessation of the activities of the Canadian Wheat Board in the closing months of 1920 the last form of Government control instituted during the War period has ceased, and business people can without hindrance complete their own definite plans for the conducting of their own affairs. The effect of this was evidenced by the ability of our exporters to successfully dispose of such portions of our products as were offered for sale. Had it not been for the unfortunate attitude of some producers, who failed to take advantage of the excellent prices which prevailed in the Autumn of 1920, the greater portion of Canada's products would now have been marketed, with a further general decrease in individual debts and a strengthening of the country's financial position.

At a time when Canadians are seeking in every way to strengthen their foreign trade and to increase exports, it is vexatious and disturbing to find that, largely from political causes, embargoes against shipments of live stock and certain products to the United States are threatened. Such a policy from our neighbors to the South appears ill-advised and can only result in a heavy decrease in our own purchases in the United States. Another cause of general irritation amongst the Canadian business public, and perhaps more justified, is the continuance of Great Britain's embargo against the importation of Canadian cattle, notwithstanding an intimation from the British authorities that it would be discontinued when the War was over. It is admitted on the other side that the danger from disease has practically disappeared and we are surely entitled to reasonable consideration from the mother country in this matter, failing which and in view of the threatened action of the United States, a serious blow will be dealt at the whole Canadian cattle industry. Strong pressure has been brought to bear from many quarters for the removal of the embargo but so far without success.

The functions and activities of the Canadian Banks are still the subject of comment and some criticism from various sections of the community, but the fact remains that they have handled the financial affairs of this country, and are still continuing to do so, through a most trying period with practically no serious disturbances. The outcry for small local Western Banks, and Provincially-owned Banks, still continues but those who promulgate such measures would do well to take a lesson from the conditions which have arisen in some of the border States; Bank failures have been numerous and it has been clearly demonstrated that institutions with small capital and operating in restricted areas, cannot successfully carry on during times of stress when by reason of territorial restrictions, they are forced to employ their earning power in the same districts in which it is obtained.

The Federal Reserve Board of the United States was recently called upon to furnish a statement of all the agricultural loans made during the past year and the report was startling. It showed that the Reserve Banks in 1919 had loaned $713,000,000 on agricultural and live stock paper, but that during the first eleven months of 1920 they had loaned the huge sum of $1,980,000,000. This was an increase from $102,000,000 to $325,000,000 at Richmond, Va., from $75,000,000 to $225,000,000 at Minneapolis—where the financing of most of the small Banks in Minnesota and the Dakotas is arranged—and from $220,000,000 to $665,000,000 in St. Louis. This enormous expansion was largely caused by the disinclination of farmers and dealers in live stock to sell on falling markets and without the assistance and facilities of the Federal Reserve Bank wide financial disaster would inevitably have taken place. To a lesser degree, the same conditions prevailed in Western Canada, but we find that notwithstanding the scarcity of money, advances by the Canadian Banks to borrowers in the Provinces of Manitoba, Alberta and Saskatchewan alone increased by $90,000,000 in 1920 as compared with the previous year. This is a striking illustration of the soundness and elasticity of the Canadian banking system under which the Banks successfully dealt with a situation which could not possibly have been handled by small local banking corporations.

The Meeting of the Shareholders of The Dominion Bank to-day is of more than usual interest and importance. On the 31st of January the Bank will complete its Fiftieth year and it is opportune, therefore, that the remarks of those who address you should be largely of a reminiscent character, dealing with the men who were responsible for the founding of the Bank, its activities and development during the half century drawing to a close, some reference to those who have represented the Shareholders on the Directorate during that period and those who have been the Executive heads of the institution. A history of the Bank is now being prepared and will shortly be issued to the Shareholders—an interesting book which we think will be well worthy of perusal and preservation. This will deal more fully, and in an interesting form, with the founding of the Bank and its activities for the past fifty years.

Progress of the Bank as described by Mr. Bogert.

After the necessary negotiations and the securing of the required legislation, which extended over a period of nearly two years, business was commenced on February 1st, 1871, on the North side of King Street East, near Toronto Street, in what was then known as the Harris shop. The provisional Directors of the Bank were Messrs. John Worthington, James Crowther, John Crawford, M.P., Hon. J. C. Aikens, Walter Sutherland Lee, Joseph Gould, Hon. John Ross, James Holden, Aaron Ross. Of the original shareholders, 250 in number, 3 are still living—Sir Edmund B. Osler, Sir William Mulock and Mr. A. R. Boswell—and 2 are present at this Meeting. We find by our records that Sir William Mulock, who at the time of the Bank's incorporation was a member of the firm of Ross, Lauder & Mulock, the Bank's first Solicitors, took an active part in securing the necessary legislation and was for a long time engaged in other matters apertaining to the Bank's earlier development. From that time on he has never failed to take a warm interest in the Bank's affairs and progress.

The first Board of Directors elected by the Shareholders was as follows: Messrs. James Austin, James Crowther, James Holden, Peleg Howland, J. H. Mead, Frank Smith (afterwards Sir), John Worthington. The minutes of the preliminary meetings of the Provisional Directors show that great care was taken in the selection of the first General Manager of the Bank—or, as he was styled in those days—the Cashier, and they were fortunate in securing the services of the late R. H. Bethune, who was at that time Manager of the Quebec Bank in Toronto, with 18 years' previous banking experience. A great measure of credit must be given to him for his successful management of the Bank's affairs for a period of 24 years.

The first report to the Shareholders was presented on May 1st, 1872, and, notwithstanding a period of dullness, net profits of $107,488 were reported, and this initial Profit and Loss Statement is most interesting by comparison with the reports that are presented to Shareholders during the present period of expansion, larger earnings and increased distribution to Shareholders. During the first year the Bank opened Agencies at Whitby, Oshawa, Orillia and Uxbridge and on Queen Street West, Toronto, all of which offices are at present in existence and show very substantial growth. Whitby was the first office of the Bank to be opened outside of Toronto, and the Branch at Queen Street West, Toronto, was the first City branch to be opened by any Bank in Canada.

During the first ten years moderate, but satisfactory development took place and even during the depression which occurred in the years 1876-1879 there was only a slight falling off in the net profits of the Bank. In 1873 Mr. John Worthington died and was succeeded on the Board by Mr. John Severn. In 1879 Mr. J. H. Mead died and his place was filled by Mr. Edward Leadlay. During that year the Bank acquired property at the South-west corner of King and Yonge Streets and erected what was considered in those days, and was indeed, a pretentious and striking edifice. In 1880 Mr. Severn passed away and was succeeded on the Board by Mr. James Scott. During this period very few Agencies were opened—Cobourg, Napanee, Belleville and Lindsay being the chief ones. The progress of the Bank during that decade was as follows:

Year	Total Deposits	Net Profits	Total Assets
1871	$1,057,150	$107,488	$2,541,583
1881	3,380,554	143,930	5,939,422

In the year 1882 a notable appointment was made to the Board in the election of Edmund B. Osler to the place of the late James B. Holden. At the Annual Meeting in 1882 the Capital

Stock was increased by $500,000, and at the succeeding meeting, in May, 1883, the Hon. (afterwards Sir) Frank Smith was elected Vice-President in succession to the late Peleg Howland. The late W. D. Matthews was also added to the Board and the dividend was increased to 10%. In 1884 Mr. Crowther retired from the Board and Mr. William Ince became a Director. That year an additional frontage on Yonge Street was purchased and building improvements made. During the second ten year period the progress of the Bank was steady and its Total Assets doubled:

Year	Total Deposits	Net Profits	Total Assets
1881	$3,380,554	$143,930	$ 5,939,422
1891	8,576,955	220,423	12,731,841

It is interesting to note that the total amount written off Bank Premises Account for the first twenty years of its existence was $45,000, as against $200,000 in 1920. The earnings were well maintained until the depression of 1893 caused a slight reduction but not sufficient to affect the dividend which was paid at the rate of 10% from 1883 to 1887; at 10% with a bonus of 1% additional, from 1888 to 1894, and at 12%, payable quarterly, from 1895 to 1900. The Rest Account was slowly increased until in 1894 it reached the goal which all well conducted banking institutions aim for—the Rest Account equalled the Paid-up Capital. In 1895 Mr. Bethune's death took place and we find a resolution at the Annual General Meeting referring to the event with great regret, and making reference to his outstanding ability, energy and careful management. The Bank, which had started under his supervision in 1871, and the first year had Total Assets of $2,500,000, at the time of his death had Assets of $14,000,000. R. D. Gamble, who had served in the Bank since its inception, was then promoted from the Management of the Main Office in Toronto to succeed Mr. Bethune. He conducted the Bank's affairs through a difficult period with marked ability and judgment until the time of his death in 1899. During his period of Management the Assets of the Bank grew from $14,289,165 to $19,956,529.

In 1896 the late W. R. Brock succeeded the late James Scott on the Board. In February, 1897, the Bank suffered a great loss in the death of its founder and first President, James Austin. Sir Frank Smith then became President and E. B. Osler, Vice-President. Mr. A. W. Austin at the same time succeeded his father on the Directorate. Branch extension by Canadian Banks all this time was at a very moderate pace. To 15 branches in 1888 The Dominion Bank only added 5 in the following ten years, when a notable expansion was made by the opening of the first branch in the Canadian Northwest, at Winnipeg, Man., in 1897, and in the East at Montreal, Que., in 1898. Owing to the gratifying increase in business at Winnipeg, a large and more suitable building was erected in 1899. Mr. Gamble had been succeeded by the late T. G. Brough, formerly Manager of the Toronto Main Office, and during a time of great national properity and expansion, the Bank entered a period of even greater progress than in the past. At the Annual Meeting in 1900 it was decided to double the Capital Stock by issuing $1,500,000 additional, at a premium of 100%, and at the same meeting the late Timothy Eaton was elected a Director in the place of the late Edward Leadlay. In 1901 Hon. Sir Frank Smith died, and Mr. (now Sir) Edmund B. Osler was elected President and Mr. W. D. Matthews, Vice-President, and the late J. J. Foy, K.C., M.L.A., filled the vacancy on the Board. During this period the progress of the Bank was as follows:

Year	Total Deposits	Net Profits	Total Assets
1891	$ 8,576,955	$220,423	$12,731,841
1901	18,577,617	275,192	25,623,245

It is worthy of note that from 1903 to 1912, following the general development of the country, a number of branches were established; in 1903 London and Madoc, Ont., Boissevain, Brandon, Deloraine and Selkirk, Man., and Grenfell, in the Northwest Territories, were opened. In 1904 Fort William and St. Thomas Branches were opened. In 1905 the late William Ince passed away and was replaced by Mr. R. J. Christie. Mr. Brough died suddenly in May, 1906, after most successfully conducting the Bank's affairs for the brief period of seven years, and his place was filled by the present General Manager, who for eight years previously had been the Bank's Manager at Montreal. In 1906, Chatham, Dresden, Peterborough, Tilbury, Windsor and two Toronto branches were opened in Ontario, and in the West at Calgary, Edmonton and Regina. Mr. James Carruthers of Montreal, and Mr. A. M. Nanton of Winnipeg, were added to the Board in 1907. Mr. Eaton died in 1907 and his son—now Sir John C. Eaton—took his place. During that year branches were opened at Ottawa, Hamilton and Kitchener and additional offices at Toronto, Montreal, Strathcona, Alta., and Vancouver B.C. In 1908 six Ontario branches of the Sovereign Bank were taken over, two others were opened in Ontario and one in Wawota, Sask. On July 1st, 1911, London, Eng., Branch was opened with Mr. E. W. Hamber, now a Director of the Bank, as Manager. The number of branches of the Bank increased in this particular period from 33 to 86. Comparative statement of assets for this period is as follows:

Year	Total Deposits	Net Profits	Total Assets
1901	$18,577,617	$275,192	$25,623,245
1911	53,547,865	704,045	70,179,552

During the past ten years the Bank has continued to show steady growth in all departments and many Branches have been opened, notwithstanding the fact that during the last two years of the War period no special efforts were made for unusual branch extension by reason of staff conditions and other adverse circumstances. An important move was made in 1919 when an Agency of the Bank was opened in New York—our first office in the United States—completing the chain of International communication between Canada, the United States and Great Britain.

The comparative figures for the past decade are interesting and are as follows:

Year	Total Deposits	Net Profits	Total Assets
1911	$ 53,547,865	$ 704,045	$ 70,179,552
1920	104,941,256	1,188,511	139,263,093

A notable event in the history of the Bank took place in November, 1914, shortly after the opening of hostilities, when the present Head Office Building, which had been in course of construction for more than two years, was finished and occupied, providing accommodation for the Head Office staff and the Toronto Main Office business, which should be adequate for many years to come. It was a fortuitous circumstance that the building was erected during a period when labour and material were cheaper than for many previous years. Had the erection of a building been delayed for another year or two the cost would have been almost prohibitive. Our building stands on what is probably the busiest and most important corner in British North America, and on looking over some historical records of the City of Toronto, it is of great interest to find that the land now occupied by your Head Office building was in 1826 described as "a meadow" with a very offensive pool of water thereon, and was sold in that year for £750.

It can truthfully be stated that The Dominion Bank has always been a strong and successful institution, and, with equal truth, it can be said that these circumstances can largely be attributed to the integrity, intelligence and business acumen of that small group of men, headed by James Austin, who started the Bank on its career and directed its policy for the first years of its existence. Their policy has been continued, with some periodical changes, to meet the country's expansion, but it is obvious that your Directors have always selected men of the highest standing and integrity for their associates on the Board. It has been said that that country is happy that has no history, and looking through the story of Canadian banking, may we not add that fortunate is the Bank that has been in existence for fifty years without a reverse of some character. I think that the Shareholders of the Bank may join with the Directors and Officials in a feeling of pride that during the fifty years of the Bank's career—

> It has never had a really serious reverse from the day it opened, even during the many periods of unsettlement and depression through which it has passed;

The capital has never been reduced;

It has never failed to make regular and substantial distributions to the Shareholders;

Its assets and resources have reached the present figures through steady and natural expansion;

The totals have never been swelled by amalgamation with other institutions.

After brief and reminiscent addresses by Sir Edmund B. Osler, M.P., President, Mr. A. W. Austin, Vice-President, Chief Justice Sir Wm. Mulock, Hon. Thomas Crawford, Sir Augustus Nanton and A. Munro Grier, K.C., the following gentlemen were duly elected Directors for the ensuing year: Messrs. A. W. Austin, James Carruthers, R. J. Christie, Sir John C. Eaton, E. W. Hamber, H. W. Hutchinson, W. L. Matthews, R. S. McLaughlin, Sir Augustus M. Nanton, W. W. Near, Sir Edmund B. Osler, A. T. Reid and H. H. Williams.

At a subsequent meeting of the Directors Sir Edmund B. Osler was elected President and Mr. A. W. Austin and Sir Augustus M. Nanton, Vice-Presidents, for the ensuing term.

GENERAL STATEMENT FOR THE YEAR ENDING DEC. 31st, 1920

ASSETS.

Gold and Silver Coin	$ 2,092,477.15	
Dominion Government Notes	18,052,783.25	
Deposit with Central Gold Reserves	4,000,000.00	
Notes of other Banks	1,104,306.27	
Cheques on other Banks	7,530,033.85	
Balances due by other Banks in Canada	1,005.25	
Balances due by Banks and Banking Correspondents elsewhere than in Canada	1,881,011.95	
	34,661,617.72	
Dominion and Provincial Government Securities, not exceeding market value	5,106,158.31	
Canadian Municipal Securities, and British, Foreign and Colonial Public Securities other than Canadian, not exceeding market value	9,956,980.78	
Railway and other Bonds, Debentures and Stocks, not exceeding market value	1,810,680.54	
Call and Short (not exceeding thirty days) Loans in Canada on Bonds, Debentures and Stocks	7,646,420.30	
Call and Short (not exceeding 30 days) Loans elsewhere than in Canada	5,139,899.60	
		$64,321,757.25
Other Current Loans and Discounts in Canada (less rebate of interest)	66,216,946.21	
Other Current Loans and Discounts elsewhere than in Canada (less rebate of interest)	523,395.60	
Liabilities of Customers under Letters of Credit as per contra	1,823,472.17	
Real Estate other than Bank Premises	5,408.76	
Overdue Debts (estimated loss provided for)	80,913.40	
Bank Premises, at not more than cost, less amounts written off	5,631,453.83	
Deposit with the Minister of Finance for the purposes of the Circulation Fund	309,575.00	
Mortgages on Real Estate sold	19,326.41	
Other Assets not included in the foregoing	330,844.52	
		74,941,335.90
		$139,263,093.15

LIABILITIES.

Capital Stock paid in			$ 6,000,000.00
Reserve Fund		$ 7,000,000.00	
Balance of Profit and Loss Account carried forward		669,218.16	
Dividend No. 153, payable 3rd January, 1921		180,000.00	
Bonus, one per cent., payable 3rd January, 1921		60,000.00	
Former Dividends unclaimed		921.00	
			7,910,139.16
Total Liabilities to the Shareholders			$ 13,910,139.16
Notes in Circulation		9,159,886.00	
Due to Dominion Government		7,000,000.00	
Deposits not bearing interest	$20,051,816.72		
Deposits bearing interest, including interest accrued to date	84,889,439.45		
		104,941,256.17	
Balances due to other Banks in Canada		806,717.59	
Balances due to Banks and Baking Correspondents elsewhere than in Canada		914,116.78	
Bills Payable		67,104.20	
Acceptances under Letters of Credit		1,823,472.17	
Liabilities not included in the foregoing		640,401.08	
Total Public Liabilities			125,352,953.99
			$139,263,093.15

E. B. OSLER,
President.

C. A. BOGERT,
General Manager.

AUDITORS' REPORT TO SHAREHOLDERS

We have compared the above Balance Sheet with the books and accounts at the Chief Office of The Dominion Bank, and the certified returns received from its Branches, and after checking the cash and verifying the securities at the Chief Office and certain of the principal Branches on December 31, 1920, we certify that, in our opinion, such Balance Sheet exhibits a true and correct view of the state of the Bank's affairs, according to the best of our information, the explanations given to us and as shown by the books of the Bank.

In addition to the examinations mentioned, the cash and securities at the Chief Office and certain of the principal Branches were checked and verified by us at another time during the year and found to be in accord with the books of the Bank.

All information and explanations required have been given to us and all transactions of the Bank which have come under our notice have, in our opinion, been within the powers of the Bank.

Toronto, January 20, 1921.
G. T. CLARKSON } of Clarkson,
R. J. DILWORTH } Gordon & Dilworth, C.A.

PROGRESS OF THE DOMINION BANK

YEAR	Paid up Capital	Reserve Fund	No of Branches	Net Profits	Total Deposits	Liquid Assets	Total Assets
1875	$ 970,250	$ 225,000	8	$ 138,310	$ 1,747,497	$ 883,721	$ 3,653,007
1880	970,250	355,000	10	103,952	3,246,832	1,855,070	5,501,670
1885	1,500,000	980,000	11	203,496	5,183,675	2,797,536	8,950,580
1890	1,500,000	1,300,000	16	248,584	8,116,875	4,157,142	12,309,378
1895	1,500,000	1,500,000	18	189,561	10,146,833	4,454,751	14,289,165
1900	1,500,000	1,500,000	22	214,342	15,790,401	7,728,675	20,824,147
1905	3,000,000	3,500,000	41	490,495	34,083,108	15,026,076	44,403,739
1910	4,000,000	5,000,000	80	659,300	49,302,784	22,041,300	62,677,820
1911	4,702,799	5,702,799	86	704,045	53,547,865	27,011,053	70,179,552
1912	5,000,000	6,000,000	93	901,529	59,342,436	29,241,840	79,224,680
1913	5,811,344	6,811,344	99	950,402	59,788,590	27,102,876	80,506,462
1914	6,000,000	7,000,000	95	925,364	57,766,996	27,312,110	80,457,109
1915	6,000,000	7,000,000	90	805,123	65,965,597	32,660,400	87,475,126
1916	6,000,000	7,000,000	87	893,502	70,473,614	37,625,896	92,866,692
1917	6,000,000	7,000,000	88	1,005,062	81,948,095	57,660,453	109,436,145
1918	6,000,000	7,000,000	90	1,086,498	96,107,711	63,528,850	133,506,275
1919	6,000,000	7,000,000	115	1,169,703	111,414,057	70,075,379	143,504,920
1920	6,000,000	7,000,000	128	1,188,511	104,941,256	64,321,757	139,263,093

AN IMPORTANT BANKING INSTITUTION

ANNUAL ADDRESSES AND REPORTS
OF
THE MERCHANTS' BANK OF CANADA*

58th Annual Report of the Bank Presented by Sir H. Montagu Allan, President, on June 1, 1921.

I beg to submit the Fifty-eighth Annual Report and Statement of The Merchants' Bank of Canada for the year ending 30th April, 1921, together with the statement of the Profits for the same period. The general depression in business, which has been felt to a greater or lesser degree in every country in the world for some months past, has affected the business of the Bank to some extent, but we hope the low point of the depression has been passed, and that there will soon be a change for the better. In the meantime, although we do not feel there is any cause for anxiety in regard to the future prosperity of this country, we feel called upon to advise our customers to be very cautious before undertaking new commitments. The coal strike in England, which will no doubt result in the loss of a great deal of trade, and the unrest and discontent which seem to prevail in nearly all the countries of Europe, give rise to serious financial problems, which have got to be reckoned with, but no man in this country, who is strong and healthy, can afford to be a pessimist for any length of time. The known and undeveloped resources are sufficient to ensure future prosperity.

It is gratifying to be able to tell you that our London office, which was referred to last year as a new venture, is now well established and is building up a valuable and profitable connection. In New York we have acquired an excellent building in the heart of the financial district, No. 38 Wall Street, and our agency was established there on the 28th March last. The building has been remodelled to suit our requirements, and, as a result of the change, we anticipate increased business and added prestige for the Bank. We moved into our new office on King Street, Toronto, early in May, and we are satisfied it will be appreciated by our customers and all those who are interested in the Bank, and we hope when any of the Shareholders are visiting Toronto they will not fail to see it. The building, as well as the location, is a great improvement over our former premises, and we confidently expect corresponding results. We were fortunate in having let the contract before the advent of the very high prices for labor and material.

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*Note.—For History of the Bank see *The Canadian Annual Review* Supplement for 1910 and for preceding Annual Reports and Addresses see the volumes for 1916-1919.

During the year we opened 12 new Branches and established 11 sub-agencies on regular branch basis. Three Branches were closed, while 12 sub-agencies were opened and eight closed. Our total number of Branches is now 400. In order to provide for our growing business in the uptown district of Montreal and to prepare for future requirements, it was deemed advisable to acquire another uptown site on St. Catherine Street, and we have accordingly purchased the northeast corner of St. Catherine and Drummond Streets, a site probably unequalled in point of location. It is the intention to erect thereon a suitable building that will afford every modern banking facility for that busy district. As mentioned in last year's Report, a further issue of $2,100,000 of New Stock was made, making the Paid-up Capital of the Bank $10,500,000, and by the transfer of the premium on the New Stock to the Rest Account, the Rest now stands at $9,450,000.

The Shareholders of the Bank now number 2,997, as against 2,622 in 1920, being an increase of 375 during the year. We have to record with deep regret the loss by death of three of our Directors, two of whom were Vice-Presidents, Mr. K. W. Blackwell, Mr. Andrew J. Dawes, and Mr. Thomas Long. Mr. Blackwell had been a Director and then Vice-President of the Bank for some years, and was a man of very high character and a most lovable disposition. He acted in my place during the four years I was absent while the war lasted, and took an active and intelligent interest in the affairs of the Bank, and his loss was very greatly felt by all of us. Mr. Andrew J. Dawes was appointed Vice-President in his place, and during the few months he occupied that position his good judgment was of great assistance on many occasions, and his death was very deeply regretted. Mr. Thomas Long had been a Director and our Ontario representative for many years. Our business in that Province has shown satisfactory progress, which in no small measure was due to Mr. Long's exertions on our behalf.

The position of Vice-President was filled by the appointment of Mr. F. Howard Wilson, and the vacancies on the Board were filled by the appointment of Mr. John Baillie, Mr. Ross H. McMaster, and Mr. Norman J. Dawes. These gentlemen are all well-known business men of high character and standing in our community, and I am sure their advice and assistance will prove very valuable in the management of the affairs of the Bank.

We, in common with the Directors of the other Banks in Montreal, subscribed on behalf of the Bank to the Fund raised for McGill University by the Campaign last Autumn. We felt called upon to do this, as we were greatly indebted to the University for the course of lectures on Banking and for the lectures in the School of Commerce. This School has developed into an important part of the Faculty of Arts. We consider the work done by the University in educating our young men in all branches, including Applied Science, has a large bearing on the business of the Bank from the fact that the prosperity of the Bank is bound up in the prosperity of Canada, and it is only by the education of the young men that the progress of the country can be maintained in competition with the other nations of the world. We hope our action will receive your unanimous approval.

"I have very little to add except that during last autumn we found that it was advisable to make a new issue of notes of the Bank. In connection with this we communicated with His Royal Highness the Prince of Wales asking if he would permit us to put his portrait on our new five-dollar note issue. His Royal Highness very graciously permitted us to do so. It is considered an excellent likeness of the Prince, as well as an excellently devised note. The new issue will come out very shortly, and I hope that you will be pleased with them."

Statement of the Result of the Business of the Bank for the year ended 30th April, 1921

The Net Profits of the year, after payment of charges, rebate on discounts, interest on deposits, and making provision for bad and doubtful debts, have amounted to		$1,402,820.61
Premium on New Stock		1,050,000.00
The balance brought forward from 30th April, 1920, was		260,774.98
Making a total of		$2,713,595.59
This has been disposed of as follows:		
Dividend No. 132, at the rate of 12 per cent. per annum	$274,823.69	
Dividend No. 133, at the rate of 12 per cent. per annum	294,622.00	
Dividend No. 134, at the rate of 12 per cent. per annum	300,254.48	
Dividend No. 135, at the rate of 12 per cent. per annum	304,703.94	
Bonus 1 per cent.	99,231.00	
		$1,273,635.11
Government War Tax on Note Circulation		96,585.41
Transferred to Reserve Fund from Premium on New Stock.		1,050,000.00
Balance carried forward		293,375.07
		$2,713,595.59

RESERVE FUND ACCOUNT

Balance, 30th April, 1920	$8,400,000.00
Premium on New Stock	1,050,000.00
	$9,450,000.00
Average Paid-up Capital during year	$9,738,196.00

H. MONTAGU ALLAN,
President.

D. C. MACAROW,
General Manager.

Address by D. C. Macarow, General Manager of the Bank.

Following the President's concise yet comprehensive review of the situation, as reflected in the year's statements, there is little left for me to add beyond, perhaps, a word or two by way of amplification. It will be observed that in comparison with last year's figures our Total Assets show a shrinkage of about $7,000,000, or roughly, 3½ per cent., which, in view of all the surrounding circumstances, must be regarded as a satisfactory showing, the liquid position being well maintained the while. The trend of our interest-bearing deposits for the same period has been steadily upward, an increase in that Department of about $7,000,000 being shown, but this gain has been more than offset by the decline in the total ordinary deposits. A year ago, however, under the heading of Demand Deposits a sum of about $8,000,000 stood to the credit of the Government in connection with Victory Loan payments. This amount, which, of course, was of a purely temporary nature, was withdrawn during the year so that, after making allowance for it, the Total Deposits and Total Assets about held their own, a satisfactory achievement we have no doubt you will agree.

Current Loans and Discounts, apart from loans to cities, towns, municipalities and school districts, stand at $109,183,000 as against $113,198,000 last year, a reduction of $4,000,000 in the twelve months' period. It will be seen, therefore, that this Bank continues to extend its ample share of assistance to the industries of the country, including support, in full measure, to our largest individual source of production and wealth—agriculture. In this latter connection it may be said that the situation in Canada suffered severely by the disappointing outturn of last year's Western crops. Many of the farmers who suffered crop failure, or partial failure, were facing the adverse condition for the second and even, in numerous cases, the third year in succession, while those who reaped good yields saw their prospective profits largely swept away by the declining value of their products, with the result that "carry-overs" have been many. Advances, however, for legitimate agricultural purposes are inherently safe, and in all deserving cases our support (as it properly should be) has been ungrudgingly continued to our large and growing clientele amongst the farming community.

Crop conditions throughout the country are at the present moment exceptionally promising. That this year's actual results may measure up to present expectations is "a consummation devoutly to be wished," for much depends upon it. If I may say a word as to general conditions, it will be one of tempered optimism, having a due comprehension of the many difficulties which require to be met but having, at the same time, a proper appreciation of the actual and potential riches of this country. At this particular stage in our development a certain optimism is, I venture to think, not only warrantable and desirable, but, indeed, essential, for it begets that stimulating measure of constructive effort, energy and courage through the practical application of which the obstacles we have to face will, in due course, be the more surely and readily overcome.

Reaction from the organized, or, rather, disorganized conditions of war, has, no doubt, created a wide and somewhat varied looseness of thought and word and practice, but it may now be safely affirmed that the situation is steadying down; that the outlook is not without its hopeful and constructive signs, and that a number of basic business forces are actively at work, quietly but surely building up a sound economic and financial foundation for the years to come. There are indications that the monetary position, broadly speaking, is less stringent, and that the general liquidity of credit now in evidence is continuing to develop further.

Supply and prices are becoming broadly co-ordinated to demand, though it must be said that retail prices are not keeping step with wholesale in the downward movement. A levelling in this respect, it is obvious, must take place (as sooner or later it will) before the deadlock between buyer and seller can be effectively broken and activity in trade supplants stagnation. As these developments are fulfilled, as wages and labour are re-aligned to new conditions and as business finally absorbs the varied losses of deflation, stabilization on the new level will become an accomplished fact, and progress along sound and more enduring lines may be confidently looked for. Altogether, and in a word, it is not difficult to be an optimist as to the future of "Canada Unlimited," to borrow the apt expression recently used by an eminent Canadian.

The following Directors were then elected: Sir H. Montagu Allan, Mr. F. Howard Wilson, Sir Frederick Orr Orr-Lewis, Bart., Hon. C. C. Ballantyne, Mr. Farquhar Robertson, Mr. Geo. L. Cains, Mr. Alfred B. Evans, Mr. T. Ahearn, Lt.-Col. Jas. R. Moodie, Hon. Lorne C. Webster, Mr. E. W. Kneeland, Mr. Gordon M. McGregor, Mr. John Baillie, Mr. Norman J. Dawes, Mr. R. H. McMaster. At a subsequent special meeting of the Directors, Sir H. Montagu Allan was re-elected President, and Mr. F. Howard Wilson, Vice-President.

GENERAL STATEMENT 30th APRIL, 1921.

LIABILITIES

1.—TO THE SHAREHOLDERS.

	1921	1920
Capital Stock paid in	$ 10,500,000.00	$ 8,400,000.00
Rest or Reserve Fund	9,450,000.00	8,400,000 00
Dividends declared and unpaid	406,564.77	338,159.22
Balance of Profits as per Profit and Loss Account submitted herewith	293,375.07	260,774.98
	$ 20,649,939.84	$ 17,398,934.20

2.—TO THE PUBLIC.

Notes of the Bank in Circulation	13,918,970.00	14,791,027.00
Deposits not bearing interest	28,733,831.75	45,368,876.69
Deposits bearing interest (including interest accrued to date of Statement)	120,904,549.56	114,132,175.79
Balances due to other Banks in Canada	4,766,000.82	2,747,402.86
Balances due to Banks and Banking Correspondents in the United Kingdom and foreign countries	507,107.91	831,997.39
Bills payable	142,907.00	....
Acceptances under Letters of Credit	744,102.41	2,117,441.21
Liabilities not included in the foregoing	....	....
Total	$190,367,409.29	$197,387,855.14

ASSETS

		1921	1920
Current Coin		$ 4,198,128.86	$ 4,193,117.50
Deposit in the Central Gold Reserves		4,200,000.00	7,500,000.00
Dominion Notes		9,671,913.25	8,407,003.25
Notes of other Banks		1,242,754.00	1,170,482.00
Cheques on other Banks		8,604,047.32	11,093,195.77
Balances due by other Banks in Canada		6,625.83	9,400.50
Balances due by Banks and Banking Correspondents in the United Kingdom		334,179.56	445,034.79
Balances due by Banks and Banking Correspondents elsewhere than in Canada and the United Kingdom		1,783,398.56	1,561,157.87
Dominion and Provincial Government Securities, not exceeding market value		11,039,325.89	7,893,229.90
Railway and other Bonds, Debentures and Stocks, not exceeding market value		5,020,059.08	4,507,688.10
Canadian Municipal Securities and British, Foreign and Colonial Public Securities other than Canadian		13,153,757.77	13,239,204.59
Call Loans in Canada on Bonds, Debentures and Stocks		7,009,031.38	6,471,494.31
Call Loans elesewhere than in Canada		3,164,158.67	6,206,537.78
		$ 69,427,380.17	$ 72,697,546.36
Current Loans and Discounts in Canada (less Rebate of Interest)	$109,183,592.80		
Loans to Cities, Towns, Municipalities and School Districts	3,085,602.90	112,269,195.70	116,786,405.59
Current Loans and Discounts elsewhere than in Canada (less Rebate of Interest)		1,449,019.15	1,117,268.51
Liabilities of Customers under Letters of Credit as per contra		744,102.41	2,117,441.21
Real Estate other than bank premises		612,923.39	604,325.33
Overdue Debts, estimated loss provided for		340,046.04	352,737.25
Bank Premises at not more than cost (less amounts written off and after crediting amount received in respect of Premises transferred to The Merchants Realty Corporation, Limited)		4,220,786.14	2,576,630.21
Deposit with the Minister for the purpose of the Circulation Fund		450,000.00	377,000.00
Other Assets not included in the foregoing		853,956.29	758,500.68
Total		$190,367,409.29	$197,387,855.14

H. MONTAGU ALLEN,
President.

D. C. MACAROW,
General Manager.

MERCHANTS BANK OF CANADA.

MONTREAL *Gazette* EDITORIAL, JUNE 2nd, 1921

The statement of earnings and of assets and liabilities of The Merchants Bank recently made public was yesterday amplified by the remarks of the President, Sir Montagu Allan, and of the General Manager, Mr. Macarow, at the annual meeting of shareholders. The aggregate business of the institution was well maintained in a period of price recession and diminishing trade, having declined only 3½ per cent., and an examination of the detailed accounts discloses a strong position. The Bank enlarged its field of operations by establishing 24 new branches and sub-agencies while closing 11 of those in existence when the year opened; and reports acquiring an excellent building in the heart of New York's financial district, completing a spacious new central office in Toronto, purchasing another well-placed site on St. Catherine street, Montreal, and having very satisfactory results from the office opened in London, England, the previous year. The cordial unanimity of the meeting attested the confidence of the shareholders in the administration of their affairs, and satisfaction with the outcome of the year's operations.

The wider interest is in trade prospects as viewed by bankers whose knowledge of conditions is intimate. Both the President and the General Manager sounded the note of what Mr. Macarow termed "tempered optimism." There may be rocks and pitfalls ahead, and certain is it that, until the face of the European situation changes for the better, world prospects must remain in shadow. Conditions in Great Britain are not satisfactory. The coal strike has already wrought immeasurable loss and caused unemployment of great numbers of men other than those engaged in coal mining, but this, too, shall pass away, and it is inconceivable that the coal strike can have much longer duration. A settlement will not, however, set the wheels of industry revolving with wonted activity. European countries must first get on their feet. The basis of confidence on which credit rests must be established and political entanglements breeding war and insurrection be removed. These things take time, but the cloud appears to be lifting, and the initial payment of monetary reparation by Germany is a hopeful sign.

Trade in Canada has been impeded partly by the adverse British and European situation, but principally by the decline in prices and losses occasioned thereby. Some basic commodities have dropped to what may with some confidence be regarded as the bottom, but the process of general deflation is far from exhausted. Mr. Macarow remarked that while supply and prices are becoming broadly co-ordinated to demand, "retail prices are not keeping step with wholesale in the downward movement," adding that "a levelling in this respect must take place before the deadlock between buyer and seller can be effectively broken and activity in trade supplants stagnation." The spread between producer and consumer is still extraordinarily wide in the case of many foodstuffs, as well as of some articles of clothing, and the resistance to adjustment of prices to prevailing conditions is still apparent. The labor question is unsettled. Strikes occur, despite much unemployment, and accentuate the situation for the worse. It is commendable to insist on a decent standard of living for wage earners, but wage earners ought to have intelligence enough to understand that reduction in wages does not lower the standard of living providing the purchasing power of the dollar is proportionately increased. Building operations would certainly be accelerated by moderation in labor cost and, until labor recognizes that the commodity it supplies must participate in the downward movement, trade conditions in Canada will continue unsatisfactory. Domestic business can be put in fairly active and profitable shape, regardless of foreign markets, by adjusting prices all round, including those of labour, upon a relative basis.

There is a larger optimism in Canada generated by the latent wealth of the country, expectation of desirable immigration, and confidence in its financial institutions. Mr. Macarow is of opinion that "the situation is steadying down, that the outlook is not without its hopeful and constructive signs, and that a number of basic business forces are actively at work, quietly but surely building up a sound economic and financial foundation for the years to come." An interesting announcement was made by the President to the effect that the Prince of Wales, so widely beloved in Canada, has permitted a vignette of himself to appear on a new issue of five dollar notes which the Merchants Bank will shortly make.

COMMENCING WITH A CAPITAL OF $100,000 IN 1864, THE FOLLOWING COMPARATIVE FIGURES SHOW THE GROWTH OF THE BUSINESS OF THE BANK

Year	Paid Up Capital	Reserve Fund and Undivided Profits	Total Deposits	Total Assets
1890	$ 5,799,200	$2,340,904	$ 8,745,841	$ 20,717,737
1895	6,000,000	3,057,277	10,364,304	22,928,248
1900	6,000,000	2,650,686	16,178,408	29,583,521
1905	6,000,000	3,473,197	27,066,248	41,477,589
1910	6,000,000	4,999,297	54,091,275	71,600,058
1915	7,000,000	7,245,140	63,662,368	86,190,464
1916	7,000,000	7,250,984	72,540,828	96,361,363
1917	7,000,000	7,421,292	92,730,935	121,130,558
1918	7,000,000	7,437,973	112,234,675	140,937,544
1919	7,000,000	7,574,043	138,071,904	166,725,404
1920	8,400,000	8,660,774	163,080,452	197,387,855
1921	10,500,000	9,743,375	154,911,489	190,367,409

A GREAT INSURANCE RECORD

ANNUAL REPORT AND STATEMENTS
OF THE
SUN LIFE ASSURANCE COMPANY OF CANADA*

The Directors' Annual Report for the year 1920.

It is with much satisfaction and pardonable pride that your Directors present their Fiftieth Annual Report. Although the Company was incorporated in 1865, it is just half a century since the original capital stock was subscribed by the shareholders, and active operations were begun, the first policy issued being dated May 1st, 1871. The figures submitted herewith indicate the proportions and strength to which the institution so, quietly established at that time by its honoured founders, has now attained. It is a pleasure to be able to record that the steady progress which has been so characteristic of the Company's business has been continued to an even more marked degree during the year just closed.

The applications for new assurances were 44,478, for $121,444,273.54, an increase of $21,107,425.17 over the figures of 1919. 39,796 new policies were actually issued and paid for to the amount of $106,891,266.23, including $9,015,728.00 under the Group Assurance plan. The growth in the volume of assurances in force has been particularly satisfactory. There are now on the books 249,482 policies for $486,641,235.17, an advance of 25,860 policies for $70,282,773.12 over the amount at the end of 1919, after deduction of cancellations due to every cause. This large increase is an evidence of the high quality of the Company's business, and also of the success which has attended the efforts of those interested in the securing and conserving of business at the Head Office and Agencies.

The total income from premiums, interest, and other sources, was $28,751,578.43. This amount exceeded that for the preceding year by $3,047,377.33. Since organization the sum of $102,187,934.30 has been paid to policyholders or their beneficiaries for death claims, matured endowments, profits, etc., $10,960,402 being thus paid during the past year. The assets as at the end of the year were $114,839,444.48, an increase of $9,127,976.21. The sum of $1,615,645.64 was distributed to our policyholders as profits, leaving a net surplus of $8,364,667.15 over all liabilities and capital stock, after providing for a considerable shrinkage in the values of bonds and other securities, due to the unusual conditions obtaining in the worlds' money markets.

The past year has been unusually favourable for investment in the choicest kinds of long-term securities, yielding high rates of

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*Note.—Preceding Annual Reports may be consulted in the 1911-19 volumes of *The Canadian Annual Review*, a History of the Company will be found in the 1910 Supplement.

interest, and the Management have taken advantage of this to as great an extent as the resources of the Company and our commitments permitted. As we view the position which the Company now occupies as the result of fifty years of earnest work, it is but fitting that we should pay our tribute of appreciation and gratitude to those officials, both at the Head Office and in the widely spread branches, who by their labours and sacrifices did so much to develop and strengthen the Company in the years gone by, but who, alas, are no longer with us to share in our rejoicing.

Your Directors have considered it wise to increase the capital stock of the Company, and you will be requested to approve the issue of new shares to the amount of $1,000,000, on which thirty-five per cent, will be paid. The capital of the Company will then be $2,000,000 subscribed, with $850,000 paid. During the year one of our esteemed Directors, Mr. John McKergow, passed away. Mr. Carl Riordon was appointed to fill the vacancy on the Board for the unexpired term. The members who retire by rotation are: Representatives of the Shareholders: Mr. Robert Adair, Mr. Abner Kingman, Dr. H. R. Macaulay and Mr. Carl Riordon. Representatives of the Policyholders: Mr. W. M. Birks and Mr. Charles R. Hosmer.

FREDERICK G. COPE,
Secretary.

T. B. MACAULAY,
PRESIDENT

S. H. EWING,
VICE-PRESIDENT

STATEMENT OF ACCOUNTS FOR 1920

INCOME

LIFE PREMIUMS:			
New	$4,399,262.39		
Renewals	15,897,518.80		
Single Premiums	653,567 47		
		$20,950,348.66	
Thrift Premiums—Renewals		36,411.80	
Annuities		1,567,943.27	
Accident		21.18	
Group Insurance		67,904.24	
		$22,622,629.15	
Less paid for re-assurance		44,102.77	
			$22,578,526.38
Dividends left on deposit			6,854.87
Net Income from Interest and Rents			6,073,714.72
Receipts toward expenses on premiums advanced under non-forfeiture privilege			92,482.46
			$28,751,578.43

DISBURSEMENTS

Death claims, including bonuses	$4,189,177.65	
Disability claims	4,902.80	
Matured endowments, including bonuses	1,688,748.78	
Annuity payments	1,419,175.12	
Payments under guaranteed interest policies	45,625.52	
Cash profits paid policyholders	1,563,954.30	
Bonuses surrendered	67,348.84	
Surrender values	1,438,172.13	
Surrender values of matured deferred dividend policies	543,296.86	
		$10,960,402.01
Paid for claims on supplementary contracts		76,929.14
Reduction in premiums from application of dividends		98,965.09
Dividend deposits withdrawn		1,281.19
Dividends on capital		75,000.00
Bonus to stockholders from accumulated surplus of Non-participating and Annuity branches		350,000.00
Expense account		2,528,201.84
Commisisions		3,242,104.16
Medical fees		193,949.82
Taxes (exclusive of those on real estate)		373,300.33
Federal Life shareholders		27,621.45
Net amount written off Securities		202,570.14
Net Adjustment in Ledger Assets due to change in value of Foreign Currencies		847,539.87
Total Disbursements		$18,977,865.03
Excess of Income over Disbursements		9,773,713.40
		$28,751,578.43

ASSETS

(The market values given are those fixed by the Dominion Insurance Department)

BONDS—Government, Municipal, Railway, Gas, Electric and other bonds:		
Par Value	$78,475,348.59	
Ledger Value	68,678,068.26	
Market Value	67,757,963.65	
Carried out at Market Value		$67,757,963.65
STOCKS—Preferred and Guaranteed Stocks:		
Par Value	$15,365,800.00	
Ledger Value	13,374,996.01	
Market Value	11,635,387.00	
Carried out at Market Value		$11,635,387.00
OTHER STOCKS:		
Par Value	$3,588,800.00	
Ledger Value	3,757,129.91	
Market Value	3,994,405.42	
Carried out at Market Value		3,994,405.42
Loans on Real Estate, first mortgage		7,634,427.96
Real Estate, including Company's buildings		5,568,248.62
Loans on Company's policies (secured by reserve on same)		13,436,208.61
Loans on bonds and stocks		390,209.33
Cash in banks and on hand		503,367.33
Outstanding premiums (net)	$2,024,822.33	
Deferred premiums (net)	647,363.48	
		2,672,185.81
Interest due		149,188.81
Interest accrued		1,083,163.90
Rents due and accrued		14,688.04
Net Assets		$114,839,444.48

LIABILITIES

Reserves on Life Policies according to the British Offices Om. (5) Table with 3½ per cent. interest on policies issued prior to December 31st, 1902, and 3 per cent on policies issued since that date	$87,079,353.85	
Reserves on Annuities according to the British Offices Select Annuity Tables with 3½ per cent. interest	15,054,982.77	
	$102,134,336.62	
Less Reserves on policies re-assured	199,734.30	$101,934,602.32
Death Claims reported but not proved, or awaiting discharge		1,124,171.90
Extra Reserve for unreported death claims		325,000.00
Present value of Death Claims payable by instalments		651,140.70
Matured Endowments awaiting discharge		215,437.43
Annuity Claims awaiting discharge		90,280.42
Claims on Supplementary Contracts, etc., awaiting discharge		5,455.75
Dividends to policyholders awaiting discharge		223,972.61
Profits allotted to Deferred Dividend Policies, issued on or after January 1st, 1911		112,673.15
Profits payable during first three months of 1921		414,147.50
Accumulated Credits on compound interest policies, etc		81,586.83
Premiums paid in advance		133,413.03
Sinking Fund deposited for maturing debentures, etc		112,554.55
Commissions, medical fees, taxes, etc., due or accrued		484,572.74
Shareholders' account, including dividends due 1st January, 1921		65,768.40
Total Liabilities		$105,974,777.33
Surplus to policyholders by the Company's standard, as above		8,864,667.15
Capital subscribed, $1,000,000: paid up	$ 500,000.00	
Net Surplus over all Liabilities and capital stock	8,364,667.15	
Surplus over all Liabilities, except capital stock	$8,864,667.15	
		$114,839,444.48

The net surplus over all liabilities and capital stock according to the Dominion Government Standard is $9,407,566.61

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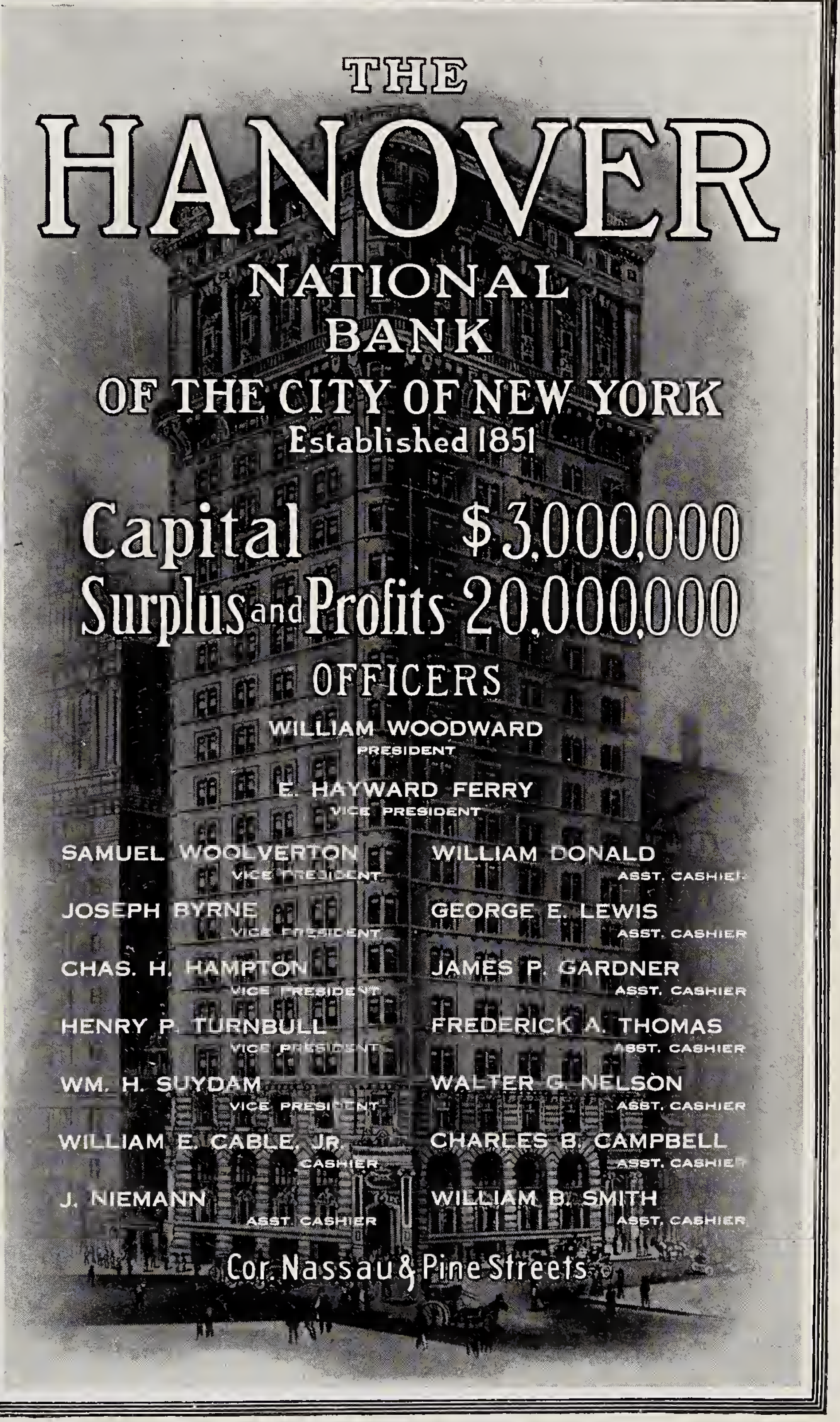

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CANADA'S MUSICAL MILESTONES

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Eighteen years before Confederation R. S. Williams, pioneer in music, opened the first music shop between Montreal and Toronto. He sold violins, organs, song-books and now and then a piano. That little shop of Williams, if it could be hoisted on the top of the R. S. Williams & Sons Co, Limited, building now in Toronto would look like a turret of history.

When you think of that little box-car of a shop expanding into the music business now conducted by the R. S. Williams & Sons Co., Limited of Toronto, you are reminded that musical art in Canada has grown amazingly faster than the Country itself. Thanks to pioneers here like R. S. Williams, F H. Torrington, Edward Fisher, Guillaume Couture and Amedee Gagnon, this country in its march opening the milestone to music-hood had no reason to fear comparison with the United States.

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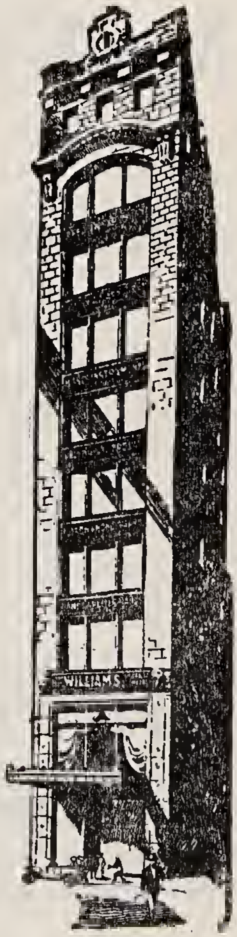

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